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World News

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D 8523 A

Moscow to shed 20m jobs under

The Soviet Union was to cut by nearly a half the number of bureaucrats in the country's 15 republics, the Communist Party

daily Pravids said.

The report indicated the vast oumber of job losses expected to result from Soviet leader Mikhail Gorbachev's reform programme. Page 18

Korean war warning North Korea warned that unless the North and South resolved their problems, the Korean peninsula could face a war. Page 3

Contras reject offer Nicaragnan rebels stood by a January 28 date for opening the first-ever direct ceasefire talks with the Nicaraguan Gov-ernment, rejecting Managua's offer to start the talks immedi-ately. Earlier story, Page 4

Belgian 'deadlock'

Royal mediator Willy Claes. who has tried put together a centre-left coalition to form the next Belgian Government, said the situation was deadlocked and he wanted to give up.

Fatah vows new raids

A Palestinian guerrills chief of the Fatah organisation vowed to step up infiltration and sui-cide attacks on Israel, after a cross-border raid was foiled by the Israelis.

Gaza curfews eased laraeli authorities eased curfews on Palestinian towns and

refugee camps in the occupied Gaza Strip as unrest subsided.

Amai lifts siege

Bulldozers destroyed barricades around Palestinian refugee camps in Beirut following the lifting of a three-year-old siege by Syrian-backed Shia Amal militia. Page 3

Perjury chairman quita Mr Hannes Androsch, chairman of Creditanstalt-Bankverein,

Italy may take fighters Italy would consider accepting 72 American F-16 fighter-bombers after they were withdrawn from Spain, to avoid the air-craft being pulled out of Europe altogether, official sources in Rome said.

Missile falls test

The US Navy destroyed an unarmed Trident-2 nuclear missile – designed to give US and British submarines the capability to destroy Soviet missiles in their silos – when it developed a fault on a test flight over the Atlantic Ocean. UK costs fall, of November, Page 2

Poliution plan shelved A plan to reduce pollution by cutting toxic exhaust fumes from small cars in the EC was

postponed for the fourth time. Libyan arms mission

A Libyan military delegation arrived in Brasilia on a mission to buy tanks and missiles, Bra-zilian newspapers said.

Alfonsin purges forces President Raul Alfonsin of Argentina began a purge of the middle and lower ranks of the

armed forces after last week-end's abortive rebellion. Page 4

Hungarian TV ads Hungarian radio and television would begin broadcasting com-mercials placed by foreign com-panies for products available in Hungary, Budapest said. Call to free Greens, Page 2

Colombia pipe patrol

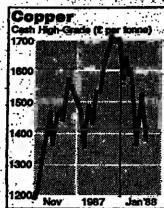
guerrilla attacks.

Business Summary

Roche lifts Sterling Drug offer reform plan to \$4.65bn

P.HOFFMANN-LA ROCHE, Swiss pharmaceuticals group, increased its offer for Sterling Drug of the US for the second time in a week to \$81 a share of \$4.65bn. Page 19

COPPER prices recovered on the Loudon Metal Exchange after falling sharply by up to £90 (\$162) a tonne on nervous-ness about the marker's ability



FT-SE 100 index fell 5.6 to 1,747.2. Page 36

Austria's largest bank, who DOLLAR closed in New York at was coovicted of perjury on DM1.8645, FFr5.6135, Wednesday, resigned. Page 2 SFr1.3520, Y127.20. It closed in New York at DM1.8645, FFr5.6135, Wednesday, resigned. London at DM1.6635 (DM1.6605); FFr5.6075 (FFr6.6075); SFr1.3505 (SFr1.3486); Y127.15 (Y127.75) Page 29

STERLING closed in New York at \$1.7945. It closed in London at \$1.7965 (\$1.7925); DM2.9875 (DM2.9775); FFr10.0750 (FFr10.0525); 8Fr2.4275 (SFr2.4175); Y228.50 (Y229.0). Page 29

STERLING closed in New York at \$1.7945. It closed in London to the Philippines forced the resignation of Mr Raphael lieto as Defence Secretary yesterday and replaced him by General

SAUDI Arabia is to consider

tenders for the construction of a delayed \$160m lubricant base oil refinery at the end of this month. Page 4

TALKS started in London on the rescheduling of repayments of government-guaranteed credit of about \$200m owed to UK companies by Egypt. Page 4 JAPANESE electronics companies could invest as much as £100m (\$180m) in the UK this year. Page 6

NISSAN, Japanese vehicle man-ufacturer, and Ford of Europe are discussing Nissan supplying four wheel-drive jeeps for the European market. Page 18

BANKAMERICA, second largest US bank group, reported fourth-quarter net profits down 27 per cent at \$60m. Page 19

NORWAY'S Banking, Insurance and Securities Commission, which is to further probe the accounts of Den norske Creditbank, said it would also investigate a number of other Norwegian banks. Page 20

Colombia pipe patrol

The Colombian Government craft engine manufacturer, has said it would begin permanent won orders worth \$205m to air patrols over a key 800km supply Boeing 767 engines for pipeline because of repeated

Moscow proposes UN talks on Middle East peace

THE SOVIET UNION yesterday lannched a hid to break the deadlock in the Arab-Israeli dispute by proposing that the United Nations Security Council hold a special meeting at foreign minister level to discuss setting up an international Middle East peace conference.

The suggestion came in a letter to Mr Javier Perez de Cuellar, the UN Secretary-General, from Mr Edward Shevardnadze, the Soviet Foreign Minister.

It said that the Security

It said that the Security Council should at once join in practical activities to establish

BY CHARLES HODGSON IN MOSCOW AND ANDREW GOWERS IN LONDON

tional conference...to find a rea- maintaining international secu-

should be forwarded to a full meeting of council foreign min-

sonable balance of interests of rity.
all states concerned and ensure The Soviet Union has sup-

all states concerned and ensure lasting peace and security in the region."

Mr Shevardnadze said the five permanent members of the Security Couocil — the US, Britain, France, the Soviet Union and China — should take the initiative, and the conclusions from their deliberations should be forwarded to a full coses. This deadlock has been

comes at a time of complete stalemate in the "peace pro-cess". This deadlock has been cited as one reason for the

pied West Bank and Gaza Strip.

Referring to the disturbances in his letter as a "large-scale popular uprising", Mr Shevardnadze said the tronhle had served to focus the attention of the international community on the need to achieve a political settlement of the conflict "with-

out delay". There was no immediate reaction to the proposal from Washington. The Reagan Administration may be caught off guard by the Soviet initiative, since it appears recently to have acqol-

NYSE

considers

halts in

tion of Mr Yltzhak Shamir, the laraeli Prime Minlster, to an international conference. The official US line is that it supports a conference or any other proposal which would lead to direct negotiations between Israel and its neigh-

bours, especially Jordan.

The Soviet move is likely to
cause concern on Mr Shamir's
Likud side of the Israeli coalitioo Government.
But it will be welcomed by Mr

Shimon Peres, the Israell Labour leader and Foreign Min-Continued on Page 18



Shevardnadze: Initiative.

unchanged target range of

Explaining the expected decision to change the basis of the German money supply target to M3, he said this had been done

mainly for technical reasons.

M3 was internationally better known and gave less weight to

cash holdings, which have risen rapidly, than central bank

noney stock. Mr Pöhi emphasised the cen-

Mr Poin emphasised the central bank's continued commitment to price stability, noting this had been achieved to an astonishingly high extent in the past five years.

However, Mr Pohl said the main subject had been how the

Bundesbank could reconcile its legally-enshrined mooetary

tooomy with the new Franco-German economic and finan-Continued on Page 18

BHP in \$1.42bn deal to recapture power from Bell and Elders

BY BRUCE JACQUES IN SYDNEY

BROKEN HILL Proprietary, the Australian energy, steel and resources company, has moved to take advantage of the bear market in share prices with a market in share prices with a raise about Asian and the company giving them considerable influence.

BHP has effected the deal by the bear runched and the company giving them company as a BHP has effected the deal by the company of the company giving them company giving them company as a BHP has effected the deal by the company of the company giving them company giving them company as a BHP has effected the deal by the company of the company plans to off-the company plans to off-the company giving them company giv market in share prices with a complex A\$2bn (\$1.42bn) deal

ECONOMISTS reporting to the Long formic Committee of into the hands of its profes-Congress forecast sluggish sional management, growth in the US economy this

WALL STREET: The Dow during which Australia's largest company has been frequently on the defensive, giving lits shares an unaccustomed — and unwelcome — status as the

· The company will form a FT-SE 100 index fell 5.6 to 1,7472. Page 36 joint company with Elders with will control Mr Elders which will control Mr Elliott's BHP executives; who will street and the yen's advance against the dollar further discouraged investors and the visit of the light of the Nitical average lost 132.88 to close at 22,710.26, its third successive decline. Page 40 joint company.

The new board will thus comprise a large number of career BHP executives; who will be effectively to buy a 20 percent emphasis from that 6. Mr Elliott's parcel of its own shares which iott and Mr Holmes à Court, will proportionately raise the whose interests were much stake in BHP held by the new more diverse. However, the two financiers

to remove the power of its two biggest shareholders, Mr Robert that a resolution was being run. The cash high-grade price ended the day down £48.50 and Mr John Elliott'a Elders (\$87.28) a toone, closing at £1,379 (\$2,482) Commodities, BHP's move, masterminded to remove the power of its two aince the October market crash that a resolution was being negotiated to BHP's unstable share ownership structure, under which Mr Elliott and Mr Holmes à Court joiotly controlled almost half the com-

BHP has hired Lloyds International, the merchant bank, to advise it. The course of action This follows several years announced last night will huring which Australia's large change the nature of BHP st company has been fre-Holmes à Court will relinquish their board seats.

LONDON: A late burst of optimism rescued equities from an otherwise poor session overhung by disappointing moneysupply and bank-lending figures and jitters over Wall Street's overnight fall. The Company will a multi-faceted main elements:

Its snares an unaccustomed — their board seats.

BHP will appoint slx new directors in their place, four of them company executives and the others outsiders, including surply and jitters over Wall Street's overnight fall. The company will some large Australian building products group. ucts group.

market in snare prices with a raise about Asion.

Shift has effected the deal by complex A\$2bn (\$1.42bn) deal

It has been rumoured ever purchasing a Bell Group comton remove the power of its two aince the October market crash biggest shareholders, Mr Robert that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being A\$300m BHP shares. It has been rumoured ever purchasing a Bell Group company which contains about that a resolution was being the purchasing a Bell Group company which contains about the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was being the purchasing a Bell Group company which contains a resolution was bell group company which contains paid Mr Holmes à Court A\$7 a paid Mr Holmes a Court A57 a
share in cash, closely in line
with recent market prices.
BHP shares yesterday closed
6 cents up at A57, after falling
steeply earlier in the day,
ahead of the announcement.
Mr Holmes a Court's average

cost for his BHP holding is difficult to calculate, particularly aioce he has been an active trader io the company's options. It has been estimated at around A\$7.50.

Bell Resources said It was taking a loss of A\$296.1m on the sale before tax benefits, although proceeds from the sale allow it to repay its borrowings and leave about A\$500m on deposit. Mr Holmes à Court has already sold assets worth more than A\$3bn since the crash.

Part of this reflects necessity and stems from concerns on the part of his bankers, but the lat-est sale also contains an implied acknowledgement that bis empire could not stand another large market fall. Lex, Page 18; Shedding shackles, Page 21

trading By Janet Bush in New York

THE NEW YORK Stock

Exchange is considering temporary trading halts in individual shares whose prices register sharp rises or fails. This is the second announce

nent within a week on mea-sures designed to limit volatil-lty in equity trading. Last week, the NYSE announced a six-day experiment to limit programme trading when the exchange falls or rises by 75 points or more. The exchange said yesterday it was likely this scheme would be extended.

The NYSE's experimentation with such measures is seen as with such measures is seen as an attempt to head off more formalised regulation on the exchange imposed from outside. Wall Street vigorously opposes the kind of limits on price movements suggested in the report on the October crash by the US Administration-spongared Brady Commission.

by the US Administration-spon-sored Brady Commission, There is known to be a strong lobby in Congress which sup-ports more regulation. There is also coocern withio the securities industry that the Securities and Exchange Com-mission, due to deliver its own report on the crash around the mission, due to deliver its own report on the crash around the end of this month, could force new regulations on the market.

Talks on trading halts are at an informal atage. A NYSE spokeswoman said the proposals had not been discussed by the Board of the exchange but said they would be on the agenda of the next meeting to be held on February 4. It appears that member firms have not yet been consulted.

have not yet been consulted.

It is clear, however, that the proposals suggest trading in a stock should be halted if the price rose or fell by a pre-determined, but as yet undecided, percentage and that limits would initially be tried on a handful of stocks.

Since the experiment limiting programme trading through the exchange's Superdot electronic order execution system began, the Dow index has not come up. the Dow index has not come up

against these limits. Wali Street, Pages 37 and 40

Pöhl rejects criticism of exchange policy

MR KARL Otto Pöhl, president between 3 and 6 per cent for money supply in 1988, but, switched from central bank money stock to the M3 aggre-gate — a broader definition of of the Bundesbank, yesterday defended West Germany's cendefended West Germany's cen-tral bank against French charges that its recent exchange rate policy had been against the spirit of the Euro-pean Monetary System. He said it was regrettable that Mr Jacques Chirac, the French Prime Minister, had rubicly criticized Germany for money supply.

For the past two years, the target range has been overshot as capital flowed in during foreign exchange market unrest. publicly criticised Germany for not buying French francs and for concentrating on the DM/

dollar rate. The Buodesbank had beeo meeting its obligations, he added, noting that these had been increased when the EMS partners agreed to strengthen the system last autumn. Mr Põhi said the Bundes-

bank's contribution to currency stabilisation was revealed by a rise in its reserves of some some 50 per cent, or DM40bn (\$24bn) last year. Its dollar reserves alooe had risen by \$15bn, while intervention within the EMS had led to net inflows of DM18bn.

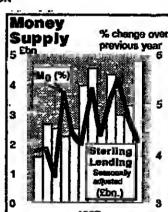
He was speaking after a five-hour meeting of the bank's poli-cy-making council, which set an

UK bank lending surges BY SIMON HOLBERTON IN LONDON

THE UK Government's dilemma over interest rates was yesterday highlighted by official figures showing a record surge in seasonally adjusted bank lend-ing in December of £4.9bu

(\$8.8bn).
The strength of bank lending
which appears to be boardly based across the economy – adds weight to the view that Britain has emerged relatively unscathed from October's share prices collapse.

Recent comments by the Chancellor of the Exchequer and the Governor of the Bank of England suggests that the authorities might be more com-Continued oo Page 18



Aquino promotes Gen Ramos as Secretary of Defence BY RICHARD GOURLAY IN MANGLA

Defence Secretary yesterday and replaced him by General Fidel Ramos, the armed forces chief who has been her consistent political mainstay.

The move follows differences

between the two military chiefs over how to deal with the country's 19-year-old Communist insurgency and places Gen Ramos in a position from which he could succeed Mrs Aquino in the 1992 presidential elections. the 1992 presidential elections.
Since Mrs Aquino came to
power 22 months ago, Gen
Ramos has gained her confidence by thwarting repeated
coup attempts. He led the military revolt which, backed by a
civilian uprising, originally
brought Mrs Aquino to power.
However, middle-ranking and
senior officers have increase senior officers have increas-ingly criticised him for being too political and not supporting their call for stronger anti-in-



Gen Fidel Ramos: political

mainstay Mr Ileto referred in his letter of resignation to his fear that "divisive elements and contro-versial issues" within the military, if not properly checked, would erode whatever gains the

armed forces bad achieved since February 1986 when Mr Ferdinand Marcos was toppled from the presidency. Mr Ileto, like the officers critical of Gen Ramos, had wanted a tougher military approach to the insurgency and a transfer of command control to the Phil-

ippine Army, a national force, and away from the regionally organised Philippine Constabulary.
Gen Ramos, who comes from the constabulary, is accused of promoting former colleagues, like General Recato de Villa

who has been deputy chief of staff, into key posts. Gen de Villa now takes over as chief of Mr fleto had wanted to intro-dnce promotioo according to merit, whereas Geo Ramos appears to support the tradi-tional system under which officers from the country's military academy are rarely promoted

'over those who were their seniors at the academy.

BY JOHN WYLES IN ROME

THE ITALIAN lira weakened slightly against most major currencies yesterday after the lifting of some temporary emergeocy foreign exchange restrictions imposed last September

The decision to lift the curbs, imposed after heavy August selling of the lira, was taken against the background of alightly better than expected year-end balance of payments figures. These produced a 1987 surplus of L1,637bii (\$1,34bii) against a deficit of L2,965bo

The exchange control measures were designed to curh speculative buying and selling by importers and exporters.

the year before. The Bank of Italy's gold and foreign currency reserves in December rosc to L75,154ho from L72,070bn the previous month. The exchange control measures were designed to currency warkets persuaded the authorities to act

At the close of trading in Rome and Milan yesterday, the lira stood at 735.17 against the tlements and exporters 75 per cent of delayed settlements.

These curbs were due to be lifted at the end of March but

Lira weaker as curbs are lifted

Importers were required to finance in foreign currencies 100 per cent of anticipated set-

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ISPAELIS TAKE FIRST STEP INTO UNCHARTED TERRITORY

Defence Minister Yitzhak Rabin, who finds himself locked

into a test of wills, Page 3

Management: Why Mandelli taught itself

Technology: Home, smart home 13 Editorial comment: Mr Balladur's dream; The abortion bill 16 Banking and the Third World: What it costs to forgive and forget

Lex: Broken Hill Proprietary; Markets;

The

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Bonn soothes fears on French defence link

BY DAVID MARSH IN BONN

THE Franco-German Defence Council due to be constituted in Paris today could provide a means for France to move back towards Nato's integrated command structure which it left in 1966, according to Bonn government officials.

Bonn does not believe France

will re-enter formally, but the linking of French forces more closely with the forward defence of West Germany is seen as going at least part of the way towards mending the

The Government here has launched a strong public rela-tions offensive to try to convince other Nato members, above all Britain and France, that the Franco-German move will not risk a split in the Alli-

ance. But Bonn has left unanswered a string of important a questions about the functioning of intensified Franco-German co-operation.

The Council will have a secretarian in Paris, and will provide a forum for improving co-operation in military strategy, troop deployment and arms procurement.

The open questions include the new 4,000-strong of intensement and arms procurement.

Boeblingen, Badem Wuerttemberg as well as the thorny mather of fitting France's strategy of independent nuclear determent.

West German officials believe France's fandamental motive for supporting improved military links is its fear about a meutral drift in the Federal arms official said yesterday that the link was "neither an axis nor a directorate." It was also not the recurrent French fear that West Germany might one day state of fire in Natio countries.

Mest Germany might one day states of the West Germany Chancellor Helmot with Le Monde this week: "The Federal Republic is not for sale."

Bonn's assnrances that brigade an experiment, left open exactly how it night be deployed. This question concerns are of fitting France's strategy of independent nuclear determent from the west Germany might one day states of the recurrent French fear that West Germany might one day states of the western particular the US role in Nato's sale."

Bonn's assnrances that brigade an experiment, left open exactly how it night be deployed. This question concerns particularly at assuaging misons of independent nuclear determent french fear that West German border with the integrated Nato armies stationed in those areas.

Bonn's assnrances that brigade an experiment, left open exactly how it night be deployed. This question concerns and West Germany are since and West Germany are solved or East German border without needing to co-operate without needin

OBITUARY

how the brigade could develop. Mr Manfred Woerner, the Defence Minister, underlines that West Germany's comple-ment of 2,000 men for the brigade will be drawn from its ter ritorial army, which is not part of the Nato military command. Officials and minister talk

about future expansion of the brigade to division level. But, given manpower pressures in the West German army, signif-cant enlargement in the future could eventually cause a con-flict of interests with other Nato partners.

Britain, is particular, is believed to be worried that future expansion could employ troops who would otherwise be earmarked for Nato duties.



were vast. He wrote poetry, produced plays and made France's first talking movie, "Le Lac aux Dames" in 1882. Baron Philippe came to the Mouton estate, which had been in the family since 1853, aged 20 and worked tirelessly to improve its

first growth" status.

Dutch trim discount rate to 3.25%

THE Dutch discount rate was trimmed by 0.25. of a percentage point to 3.25 per cent yesterday, the fifth such cut in three months and one which leaves the key rate at its lowest level in 16 years.

The Notherlands' central bank said it lowered all in cofficial rates by one-quarter of a point in an effort to ease the galiler's persistent strength against the deut-sche mark.

The rates were cut with-out any reductions in West German interest rates, the third time the Dutch have moved alone since Novem-

ber.
De Nederlandsche Bank (Dutch central bank) is viewed as pureding a more independent monetary policy than in the past when it nearly siways moved in tan-dem with the German Band-

The guilder's continuing strength against the D-mark-has provided room for Dutch rates, especially capital market ones, to fall to the same or lower levels than German ones. In recent months the guilder has benefitted from strong demand as a result of German plans to impose a withholding tax on interest income, the dollar's weakness and less currency intervention than in German.

Dutch money market rates, however, are still about 90 basis points about German ones and de Noder-landsche bank would like to innoiche hank wound like to see those come down as well. Thus the rate on a new epecial advance to the bank-ing community was pared by 0.1 percentage points to 42 mar court. 4.2 per cent.

The series of one-quarter point rate exts also have been aimed at etiaulating the singulah dutch economy. National income may hardly grow at all this year sulese consumer spending and business investment pick up more than expected.

French politicians divided over poor trade performance

deficit in industrial goods, has sparked a debate between the government and the socialist which is not necessarily a probability and threatens to raise differences within the raise a problem of where your oversess offices are and of your oversess of the which is not necessarily a problem of problem is the composition of problem is the composition and or physical investment. It is also a problem of where your oversess of the second of problem is not belief to your overses of the belief in the fact that after losing around fact that after losing aroun promote productive investment, is the key point of economic policy which separates Mr Jacques Chirac, the prime minister, from his main right-wing challenger for the presidency. Mr Raymond Barre.

FRANCE'S growing trade defi-cit, especially the deepening sion is not misplaced. deficit in industrial goods, has sparked a debute between the pertistences of our companies, which is not necessarily a mon-

FFr 11.5bn last year, has trade deficit. with the rest of brought the subject into the political areas, for the issue of French industrial competitiveness, and whether the government abould take more steps to promote productive investment, is the key point of economic government in its budget assumptions forecasts a stable policy which separates Mr Isques Chirac, the prime minister, from his main right-wing challenger for the presidency, Mr Raymond Barre.

The question of whether French companies are investing enough has become a ferish for French economic commentators, but at the Finance Ministry dollar-indeed currencies.

EC aims to reduce tar in cigarettes

THE European Commission yeaterday announced proposals to
nblige tobacco companies to
issue health warnings more
widely to smokers and cut the
amount of tar in cigarettes.
Under the plans, inveiled by
Mr Mannel Marin, the European
Commissioner for social affairs,
all EC Governments would have
to demand health warnings on
to lower tar levels by using better quality papers, filters and
to demand health warnings on
to demand health warnings on
to social affairs,
all EC Governments would have
their countries.

packets of cigarettes some attheir countries.

Packets would also have to show the tar and mootine yield, according to the scheme, which will now have to be agreed by the Community's 12 member-

tates. The Brussels authorities are The Brussels suthorities are calling for tar content to be kinited to 15mg per cigarette by the end of 1892, falling to 12mg by the end of 1895. At present, tries and through measures to encourage the production of the amount of the allowed in cigarettes. Spain, with a manifest and Portugal. Advisory Council in Britain with a limit of 28 mg.

Cigarette spain with a manifest and the limits on tar would cigarette spaints after a said the limits on tar would cigarette spaints withings manufacturers although tar under national law in most content was not estate.

The Britain, we have been member-states, except Gracece The Britain, we have been and Italy. Neither do those two gradually moving brands down countries ask tobacco companies to display tar content on for example, the average tar their wares, an omission shared content was 30mg per cigarette by Spain, the UK and Ireland.

The warning alogan proposed contents will continue to come

The National Bank led by Mr Windyslaw Baka has been arguing for greater financial stringency. Last December, a large minority of deputies voted against a government motion seeking a greater than expected deficit in 1987. General Jaruselski's speech to the deputies was designed to head off the prospect of another anti-government wote on the budger.

The general also hinted that the committees and a second more specific slogan highlighting board the lease of consumer acceptability.

The national Bank led by Mr Marin is designed to the deputies was a large transmitted by Mr Marin is Tobacco seriously damages your health, to the consumer. The TAC said it did not believe the EC had taken on specific slogan highlighting board the lease of consumer acceptability.

The second more specific slogan highlighting board the lease of consumer acceptability.

At present, about 40 per cent of cisarettes sold in Britain coneither the risk of cancer or acceptability.

heart disease.

Yesterday's proposals form of cigarettes sold in Britain conpart of a wider Commission tain 15mg of tar and over.

the variation in tur yield for Gauloise - between 22.8mg per cigarette and 5.9mg. However, it does expect the proposals to pose "serious adaptation problems" for

tobacco producers in southern

Airbus Industrie wants

A-320 assembly in US turing and final assembly in the US will help reduce its membera' risk associated with the declining dollar, the currency in which worldwide aircraft sales

dent for group strategy, said that Airbus needed to increase production because of a backlog of orders of its A 320 jet, which

Bonn-Paris defence link opposed

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE Netherlands opposes the to be the only appropriate creation of a Franco-German forum for such a task.

Defence Council because it Dr van Eekelen advocated a Defence Council because it would duplicate existing western defence institutions, Dr W F van Eekelen, the Dutch Defence Minister said in an address to the Royal Institute of International Control of the International Contr tional Affairs in London yester-

day.
At the same time, the Dutch government considered that the involvement of France was an important condition for a European security policy. The prob-lem was to find the right framework for defence co-operation between France and other European countries.

Franco-German co-operation was certainly of vital importance, but co-operation with France was not an exclusive right of the Federal Republic.
"We all live in the same house and we all have to work together to make it as secure and safe as possible," Dr van Eekelen said.

The Dutch Minister hoped it would be possible to persuade France to co-operate with other European countries in e multilateral framework dealing both with policy questions and practical co-operation. For the time being, the seven-nation Western

BY JUDY DEMPSEY IN VIENNA

MR HANNES Androsch, chair-

man of Creditanstalt-Bankver-ein, Austria's largest bank, has resigned following a court decision which found him guilty of

ir Androsch was fined Sch1.08m (\$923,866) for lying

to a parliamentary committee in 1981 which had been set up to investigate allegations of

corruption and other financial

Mr Androsch, 49, a former finance minister in the socialist government from 1971 to 1980 and often tipped as a future chancellor of Austria, offered his resignation to Mr Fritz Bock, President of Creditanstalt's supervisory heard late.

stalt's supervisory board late

The supervisory board was

growing green movement – one of the biggest in Eastern Europe slong with those in Poland and East Germany. The Communist Party has until now regarded environmental groups

as a political threat

perjury on Wednesday.

Dr van Eekelen advocated a two-track approach to achieve greater military etability in Europe following the signature of the Intermediate Nuclear Forces (INF) treaty, under which all ground-based medium-range nuclear missiles will be eliminated by the US and the Soviet Union.

Soviet Union. This two-track approach, aimed at wiping out the Soviet Union's superiority in conventional forces, should include an Improvement in Nato's conventional defense and a reductional defense and a reduction and a reduc tional defence and a reduction in the "invasion cepacity" of the Warsaw Pact through con-

ventional arms control negotia-The Dutch Defence Ministe also came out strongly in favour of a continuation of Nato's present strategy of nuclear deterrence. "Nuclear weapons have made the out-come of armed conflict incalcu-lable and that is why they are essential to the prevention of

In this context, Dr van Eekelen said the Netherlands was strongly opposed to the aboli-tion of short-range nuclear weapons in Europe because that would be tantamount to

Austrian bank chairman guits

Call to free Hungary's Greens

said was a threat to Hungary's main source of drinking water. It also linked up with the Greens in Austria who opposed Austrian participation in the

dam project.

The demands follow serious air and water pollution in the Budapest area where a fifth of Hungary's people live.

Mr Laszlo Solyom, a legal specialist, said the authorities susceptible.

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Mr Laszlo Solyom, a legal specialist, said the authorities susceptible.

due to meet on Ismisry 29 to Mr Androsch - who undoubt decide Mr Androsch's future as edly helped Mr Kranitzky's

Innovative devotee of winemaking

BARON Philippe de Rothschild, who died on Wednesday aged 85, was a leading figure in the famous Angio-French banking family who devoted his life to developing the Monton my who devoted his life to developing the Monton Rothschild vineyard in the Medoc region of Bordeaux. Baron Philippe died at his Paris home after a long ill-ness which had considera-bly weakened him in recent

years.

Until the final months he occupied himself with his beloved Mouton estate," a spokesman said. An innovator in the often etuffy world of French wine-making, Baron Philippe distinguished his product by each year commissioning a different artist to design the label.

Branne, Chagall, Miro.

Braque, Chagall, Miro, Dall, Picasso and Coctean were among the artists who worked for Monton-Roths-

His great commercial suc-cess was producing the cheaper Monton-Cadet, a blend of Bordeaux wines which is exported throughout the world. His cultural interests

Baron Philippe: tireless work to improve his vineyard quality and reputation. When he took over, it was

ciaseed as a "eecond growth" in the rigid hierarchy of Bordeaux wines dating from 1855. But his efforts were rewarded when it was elevated to top class With his American-born second wife, Pauline Fair-

Chernobyl 'did not raise radiation risk?

had held since 1981.

Yesterday, Mr Franz Vranitzsky, the Chancellor of the
socialist-led coalition government and a close friend of Mr
Androsch, said: "In my opinion,
the right way is for Mr Bock
and Mr Androsch to work out
as possible...Any form of
nrdered negotietion between
these two is the best way."

Mr Bock had already said on

Mr Bock had already sai

and Mr Androsch to work out how to create as few frictions as possible...Any form of his supporters say he will make a political comeback. But the fact that an independent these two is the best way."

Mr Bock had already said on Wednesday he would recommend that Mr Androsch he suspended at next week's board meeting.

Mr Androsch's resignation has spared Mr Vranitzky much has pared Mr Vranitzky much well for this very corrupt country." tries are not likely to have suf-fered a radiation dose signifi-cantly greater than they would normally receive in a year from natural background radiation.

The possible health effects. such as cancers and genetic defects, will therefore not add detectably to the natural incidence of these.

The dose of radiation received as the radioactive cloud drifted across Europe varied from a few microsieverts in Spain and Portugal to between two and three millisieverts in the Nordic countries and Italy. The average annual exposure to natural radiation is about 2 millisieverts. HUNGARIAN legal experts and afficials are calling for the legalisation of the conotry's joint Hungarian-Czechoslovak ology. Thus there was no reagrowing green movement — one of the biggest in Eastern Europe along with those in Poland and East Germany. The Circle had an "independent political programme" nor their own idejoint Hungarian-Czechoslovak ology. Thus there was no reagree of the biggest in Eastern Europe along with those in main source of drinking waters. It also linked up with the Circle had an "independent political programme" nor their own idejoint Hungarian color of the control of a programme" nor their own idejoint Hungarian Czechoslovak ology. Thus there was no reagree to the construction of a programme" nor their own idejoint Hungarian-Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian-Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the biggest in Eastern Europe along with those in Hungarian Czechoslovak ology. Thus there was no reagree to the second ology. Thus there was no reagree to the second ology. Thus there was no reagree to the second ology. Thus there was no reagree to the second ology. Thus there was no reagree to the second ology. Thus there was no reagree to the second ology the second ology. Thus there was no reagree to the second ology the second ology the second ology. Thus there wa

The agency says, however, that the accident offers a num-ber of lessons in radiation protection, including the need to harmonise the radiation levels at which governments start to

The report notes, for example, that initial measures taken to stop the consumption of possibly radioactive products such as milk meant that greater quantities were converted into secondary products such as cheese. This has had the effect of delaying potential impacts and bas created a need for appropriate radioactivity inter-vention levels and countermea-

Jaruzelski seeks party backing on price rises

time.

The appeal came at a meeting of Communist Party departies hefore yesterday's debate in parliament which approved the budget for 1988.

The draft budget proposals had a stormy passage in committee and the clash between the government and the departies ended in a government pledge to make spending cuts of zl 100bn (\$300m) this year.

This still leaves a budget defi-

Call to UN on arms cuts

SIX nations which have been campaigning jointly for nuclear disarmament called yesterday for a new multi-lateral verification system under the UN to monitor arms reduction. The countries are Sweden, Greece, India, Argentina, Mexico and

Tanzania.
In Stockholm yesterday, the six said they would propose this before the UN Special Session on Disarmament in May.
"The idea is that the UN as a body should be a guarantee for a fair and efficient verification system," said Mr Ingvar Carls-son, the Swedish Prime Minis-ter, who hosted the third Six-

The idea is that the Soviet needs

Union, United States or France might be invited to put their satellites at the disposal of a UN governing body, providing Information on disarmament. While welcoming the resump-tion of a dislogue between the Soviet Union and the US, the Six agreed that much more remained to be achieved in the remained to be achieved in the field of disarmament and called on the superpowers to honour the principle of a 50 per cent reduction in strategic arsenals.

The six want a halt to the on the superpowers to honour the principle of a 50 per cent reduction in strategic arrenals.

The six want a halt to the nuclear arms race on land and in space, a stop to nuclear testing, destruction of chemical weapons, and the diversion of military resources to civilian needs.

earriers.

We are looking at more than just a subcontractor, a tin bender. We're looking at some kind of partnership for final assembly. Mr Brown said.

Airbus, a consortium of sero-epace firms in France, West Germany, Britain and Spain, believes component manufac-

meeting in March would make recommendations which could require decisions by parlia-ment, a reference to the possi-hility of forthcoming govern-

early 25 per cent of the world market for new jetliners in 1986, wants to set up an assembly line in the US, a senior executive said yesterday, Renter reports from Chicago. Mr Adam Brown, vice president for group strategy said

has been bought by several US

Mr Brown said Airbus wanted to exploit the cuts on assembly lines that make US military aircraft. For example, Lockheadwas reportedly seeking work for its C-5 assembly line in Georgia, and Airbus could take advantage of that capacity.

Ex-envoy critic of Romania vanishes

era diplomats in Buc

waters optomats in Bucharest said yesterday they had not seen or heard from Mr Silvin Brucan, an ex-Romanian ambasador to the US who criticised the Communist leaderable, since before Christmas, AF reports from Vienna.

calist, said the authorities sisters with two-structe engines — pect environmental groups of following political sims. Hungary's best-known environmental group, the Danube Circle, is viewed as a dissident organisation by the authorities who have frequently taken — Eas with two-structe engines — which cause heavy pollution — were being imported from East have also favoured legalising environment protection groups. They noted that it would conform with the party's efforts to democratise Hungarian institutions. Gloomy West struggles to make the CSCE baskets balance

Judy Dempsey assesses progress, and lack of it, as the security conference resumes

THE 35 PARTICIPATING countries at the Vienna follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE) return from the

Europe (CSCE) return from the Christmas recess today torn between optimism on arms talks and deep pessimism on humanitarian issues.

The meeting which opened in November 1986 to review the implementation of the Helsinki Final Act signed in 1975 by all the countries of Eastern Europe (with the exception of Albania), Western Enrope, the Soviet Union, the United States and Canada are now sharply Canada are now sharply divided on what form the final outcome of the conference

"The main reason why we are so divided and so slow in mak-ing progress is that the Soviet Union and its allies have got what they wanted," a Western

They think they have a new conventional arms reduction forum sews up while we have got practically nothing in the humanitarian field. What we balanced outcome to all three baskets.

balanced outcome to all three baskets."

Basket One consists of confidence and security building measures. Basket Two focuses on closer economic links between East and West, while Basket Three encompasses humanitarian issues.

There is little doubt that Basket One, which includes confidence and security building measures (CSBMs), has made eignificant progress. In previous review conferences, such as those held in Madrid and Belgrade, this was the toughest basket on which to agree.

Progress has also been steady in other arms talks. Since last February all the Nato and Warsaw Pact countries have been holding informal meetings in holding informal meetings in Vienna to look at ways of setting up a new conventional arms reduction forum, to replace the I4-year-old dead-locked Mutual Balanced Force

cal, he said, as long as the authorities withheld data on

environmental matters and explained decisions only after they were carried out. He demanded guarantees for the

existing laws governing the establishment of clubs and soci-

posed conventional stability ern diplomats see little glasteries to give the go-ahead for talks hinge on what progress most, or openness, emerging in the new conventional stability will be made in Basket Three.

Basket Three.

Basket Three.

Basket Three. the humanitarian area. What

The meetings, known as the "conventional stability talks" on the conventional stability talks on the delegate conventional stability and take the place within the transport of the CSCE.

The mandate for the proposed conventional stability talks binds on what moress. The possible talks on the delegate conventional stability and the place within the transport of the table. All that is required in a negotiating mandate from the CSCE.

The mandate for the proposed conventional stability and the place of the telegate conventional stability and the proposed conventional stability and t

asket Three. talks until the East relents and makes what he calls "proper,

substantial concessions on. humanitarian issues. We will not sign any concluding docu-ment until we get a balanced outcome in all the three bea-leets."

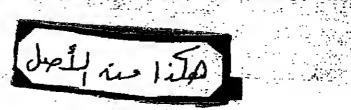
The question, however, is the degree of leverage the West can exert on the Warsaw Pact in the humanitarian field at a time when optimism on arms control talks as well as reducing conventional forces in Europe have commented.

Any leverage the West may have involves, ironically, a proposal which the Soviet Union tabled in Vienna several months ago suggesting that Moscow should host a conference on humanitarian issues and will not hand the CRCE were initially stummed by the preposal. But since the Soviet Union seemed serious, the West has since insisted that the West has since insisted that certain conditions be met before The question, however, is the certain conditions be met before progress towards reaching such a meeting is agreed. Hany agreement on a final document Western delegatione, for will be tough, if not slow.

instance, Insist that all Non-Governmental Organisations (NGOs) be allowed into Moscow, that Badho Free Europe be admitted, that jamming be ended, that dissidence be permitted and so on.

So far, Soviet diplomats in Vienna have given no concrete details about the scope of the proposed conference. "If they could pull it off, it would be great for their public image," an East European diplomat commented.

FINANCIAL TIMES, USPS No. 15864, p. 18864, USPS No. 15864, p. 18864, US schoolping and letter 15865, Per annex. Second services, per annex. Second services, per annex. Second services, present at New York, NY and a State of the Second services, p. 1884, p



US airlines have already placed 129 orders and options for the A-320.

The US has been engaged in a long-simmering trade dispute with the European nations, saying that subsidies unfairly rob sales from Boeing and McDonnell Douglas.

Amal lift siege of Palestinian refugee camps

PALESTINANS rushed out to tions of the siege hair driven seek long-lost kinsinans and friends, others throught to the siege hair driven seek long-lost kinsinans and friends, others throught to the siege hair driven seek long-lost kinsinans and friends, others throught to the seek long-lost kinsinans and street and the seek long-lost kinsinan street and the seek long-lost kinsinan street and the seek long-lost kinsinan street and hadded in samp time kinsing beautiful have to adjust to a street and hadded in samp time kinsing beautiful have to adjust to a street street and hadded in samp time kinsing beautiful have to adjust to a street street and hadded in samp time kinsing beautiful have to adjust to a street street and hadded in samp time kinsing beautiful have to adjust to a street street and hadded in samp time kinsing beautiful have to adjust to a street street and hadded in samp time kinsing beautiful have to adjust to a street street with the kinsing beautiful have to adjust to a street street with the kinsing beautiful have to adjust the street with the kinsing beautiful have to adjust the street with the seed of the street with the street with

Chinese release

Tibetan protesters

CHINESE police yesterday released 58 people detained after pro-independence protests late last year in the Tibetan capital, Lhasa, in a conciliatory move coinciding with a rare visit by the Peking-approved Baingen Lama, the second-ranking Tibetan religious leader.

Andrew Whitley reports on a moody conflict uniting Palestinians of all backgrounds

Israel enters uncharted fighting territories

has faced in the territories it captured in 1967, the security forces have run the gamut of the finely honed carrot-and-stick techniques used in the past to maintain control over

delivered stern warnings to the country's minority Arab-population against hecom-ing involved in the continuing disturbances in the occupied territories, Andrew Whitley reports.

tomnrrow. They have also threatened to hold a second one-day strike, similar to a enccessful stoppage last

month.

On Wednesday night, a Mniotov enckteii wes thrown at an Israeli bus fillad with echoolchidirea travelling along the Wadi Arah road in North Israel. Stnnes were thrown at other buses.

For the first time since 1967, East Jerusalem, incorporated Israeli a common front has emerged into Israel proper, is being nerable.

Apart from the commercial strikes, the best expression of this across-the-board solidarity eration Organisation.

The what extent this wish proves to be a self-delusion on the part of the Israeli authorities remains to be seen. Their first task will be to locate these leaders.

this across-the-board solidarity has been the emergence of wide range of mutual support bodies – from neighbourhood watchdog committees in the camps to philanthropic groups lending money and providing food to those facing hardship because of the work stoppage.

leaders.

In the absence of any clearly thought out strategy from the politically immobile coalition government, the onus has, by default, been left by the Cabinet to the hardline Defence Minister, to face down the protests and restore law and order before undertaking any fresh initiative.

However, while government officials daily express optimism that the shopkeepers resistance will soon crumble, as financial necessity bites, Palestinians say this judgment is a serious misreading of the determined mood of the population, to keep going until Israel is forced to make concessions.

For the first time since 1967,

among Palestinians of all backgrounds in the occupied territories. Middle class factory owners openly sympathise with the
tactics of the refugee camp children. Bank managers who have
worked within the Israeli system all their professional lives
say the violent suppression of
the disturbances cannot contime.

treated vcry differently from
Ramallah, just ten minntes
daily broken open in Ramallah
and elsewhere in the West Bank
by troops, in dealing with the
"reunited, eternal capital of
Israel", Mr Haim Bar-Lev, the
Police Minister, threatens
instead to cancel the nperaring
licences of striking Arab shops
and bus companies. and bus companies.

Even though the occupied territories are israeii exporters' second largest markets after the US, so far the shutdownshave had only a limited impact nn israeli business. Obviously, the fine is a consequence by the the financial consequences have been much greater, and more immediate, for the Palestinians themselves; and it is this that the Shamir government is relying upon eventually to wear down the resistance.

Indeed, both Mr Rabin and Mr Yltzhak Shamir, the Prime Min-Ister, would be delighted to leave the commercial shutdnwns and wnrk boycotts alone, in gleeful anticipation of an implosion within the Palestinian camp, if it were not for two politial considerations.

The first concern is the dam aging example that would be set by the de facto withdrawal of the security forces from the battlefront. The second is the government's deep, almost pathological, fear of a sustained campaign of civil disobediance. Border Police.

dience, a weapon to which the
East Jerusalem, incorporated Israeli state is dangerously vul-

Ministers meet on joint Gulf defence force

WITHDRAWAL of up to four of Navy.

the eight minesweepers The British Ministry of deployed in the Gulf by Britain, the Netherlands and Belgium, and formation of a joint force RN flotilla of four mineswee. are the likely outcome of talks pers was being considered.
which the defence ministers of

which the defence ministers of the three countries began in London yesterday.

The three navies, which have co-ordinated their mine-hunting operations since last antumn when the vessels arrived, are confident that the waterway has now effectively been cleared of mines.

None has been found since.

Cleared of mines.

None has been found since officials confirmed that the November and the zone off talks should lead to a more integrated force which would entail a reduction in the total for Arab exporters, has been declared safe by the Royal deployed.

Sri Lankan opposition wins poll concessions

41:27

OPPOSITION demands on elec. The decision to reduce the tions in Sri Iianka secured two minimum vote requirement for

opposition and it seement for a parliamentary by-election and it responded to opposition provincial councils election law so that a party will need to gain only 2.5 per cent of the vote rather than 12.5 per cent to qualify for seats.

The Homagama by-election and it the first test of public opinion on an agreement that has roused the anger of tha Bud-election will be the first test of public opinion on an agreement that has roused the anger of tha Bud-election will be the first test of public opinion on an agreement that has roused the anger of tha Bud-election to requirement for imminum vote requirement for imminum vote requirement for seats in the provincial elections tunder a new proportional representation system is a concession by President Junior and system is a concession by President Junior and presentation system is a concession by President Junior and system is a concession by President Junior a

10 miles from Colombo, will be the first test of public opinion on an agreement that has roused the anger of the Buddhist clergy and encouraged Sinhalese extremist violence in the south.

The ruling UNP party has decided to field a wealthy busineesman from one of the island's best known Buddhist families. He is a coosin of Mr Jayasuriya.

Should be continued.

While the alow return to normality in the north, the Tamil heartland and the separatist stronghold may allow the government to hold the elections, the situation in the east, where the Tamil Tigers are still an active gnerrilla force, is far from stable.

Another division of Indian recently to bring the strength

neesman from one of the island's best known Buddhist families. He is a cousin of Mr troops arrived in the leland recently to bring the strength of the peace-keeping force to opposition party, the SLFP, will join with two other minor opposition parties to nominate a former speaker of parliament.

Another division of Indian recently to bring the strength of the peace-keeping force to 48,000. Mr. Jayewardene leaves for New Delhi on Monday to be chief guest at India Day celebrations on Tuesday.

Korea could face war, **North warns Seoul**

NORTH KOREA warned yesterday that unless the north and the south resolved their problems, the divided Korean peninsula could face a possible war, Reuter reports from Seoul.

Rodoug Sinmun, organ of Pyongyang's ruling Workers (Communist) Party, quoted by the official North Korean Central News Agency monitored in Seoul, said:

"If the north and the south fail to solve pending issues, including discontinuation of large-scale war exercises, our nation will hardly become reconciled and united, reunification will be farther off and the Washington said previously it washington

tion will be farther off and the nation will have no choice but to make a war."

In another development, the for US announced it had put North 29. Korea on its blacklist of terror ist nations and has called for international protests over the country's alleged role in the destruction of a South Korean

with its 115 passengers, Mr Charles Redman, State Depart-ment spokesman, said. North Korea has denie charges and made no cor on the US announcement.

Washington said previously it agreed with South Kores that North Kores was responsible for the bombing on November

But Mr Redman said the evidence was even more compelling after US officials reviewed a confession by a self-proclaimed North Korean agent, destruction of a South Korean claimed North Korean agent, kim Hyon-hui, who said she helped plant a bomb aboard the make sure there's some price to be paid for the destruction of Korean Air Lines Flight 858 with its 115 passengers, Mr Charles Redman, State Department spokesman, said.

The transmitter of the Line of t operators take a onger view of 9'8' (2,95m)

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BACKED BY THE WORLDWIDE RESDURCES OF GENERAL MOTORS

Genscher presses US over arms control

By Nancy Dunne in Washington THE West German Foreign Minister, Mr Hans-Dietrich Genscher, began a day of talks here yesterday with a plea for swift Secate approval of the Intermedi-ate Noclear Forces (INF) treaty and sopport for cuts in short-range oncleor

After meeting Seostors, be called for further East-West orms redoctions and added: "It would not be enough to let matters stand there. We are chsolotely convinced that It would be in the interests of greater security that this disarma-ment process should go on."

A spokesman for Senator Richard Logar, former chairman of the Foreign Relations Committee, who ottended the meeting, said Mr Genscher sooght an assessment of the future of US cooventional forces in West Germany and to what degree the commitment would be maintained "cost-

Mr Genscher's day in Washington included meet-ings with President Ronald Reagao, Mr Jemes Baker, the Treasury Secretary, Mr Clayton Yeutter, the Trade Representative, and Congressmen Lee Hamilton, chairman of a new coogressional study groop on Ger-

His US meetings follow the visit to Bono of Mr Eduard Shevsrdnadze, the Soviet Foreign Minister, who criticised Nato propos-als to deploy new battlefield nuclear wegpons.

Senator Lugar concluded after the meeting that Mr Genscher was "obviously deeply concerned" shoat perceived disparities in tac-tical nuclear weapons in Europe and that be backed East-Weat "asymmetrical reductions."

reductions."

"We did not discuss elimination," the Secator said. We discussed reduction and capping off at compara-

"Currently, with regard to weapons, the Soviets ought to redoce to the weapons that Nato has, and that is the Foreign Minister's posi-

Alfonsin begins big purge of armed forces

last weekend's abortive rebel-lion. In the past three deys' more than 330 officers and NCOs have been arrested.

This is the higgest purge since This is the higgest purge since 1962 when the srmed forces were shaken up after litter inter-service fighting. The arrests also go beyond those directly involved in the rebellion led by ex-Lieutenant Colonel Aldo Rico, the renegade commando.

"We want to take advantage of this opportunity to clean up the armed forces, getting rid of all those plotters and conspiraan those picters and conspira-tors who have been trying to destehilise the country," said Mr Jose Ignacio Lopez, the pres-idential spokesmen. The clean-up extended to right-wing civilians with close links to mil-tery hardiners like Rico, he itary hardliners like Rico, he

The initial figure for person-nel arrested after Monday's surrender of ex-Lt Col Rico and his supporters was 60 officers and 222 NCOs. Of these, 169 came from the garrison of Monte Caseros, 380 miles north of the capital, where Rico holed up on Saturdey, defying the Government and calling for a shake-up in the command of the armed forces,

The remainder of the initial arrests covered three other gar-

PRESIDENT Raul Alfonsin of rison units plus members of the Argentina has begun a purge of army and air force intelligence the middle and lower ranks of the armed forces in the wake of Mondey of Buenos Airee last weekend's abortive rebel-

However, there are now understood to be at least 93 officers and 230 NCOs in detenofficers and 230 NCOs in deten-tion. Some 140 of these, includ-ing Rico, are being held in a military barracks at La Magda-lena, 60 miles south of the capi-tal, which is being converted rapidly into a maximum secu-

rity prison.

Observers pointed oot that
President Alfonsin, in the wake
of last Easter's rebellion, also
led by Rico, intended to purge the middle and junior ranks of the armed forces. But at the time he was not sufficiently confident of the loyalty of the confident of the loyalty of the command structure, as well as other ranks. The only purges last Easter involved 13 generals, who were retired largely because of their failure to effectively challenge Rico and his supporters who had rebelled in a barracks on the outskirts of Buenos Aires. In the past nine months reforms within the armed forces have helped consolidate the command structure, in par-

the command structure, in par-ticular that of Gen Dante Car-idi, Army Chief of Staff.

The army has harboured the largest number of right-wing hardiners demanding recognition of the military's role dur-ing the "dirty war" against the left.

verted under all the offers if

they were accepted is put at

Bankers say the authorities will keep to their limit so that central bank disbursements due

under debt-swap agreements do not undermine atrict money

supply policies.

The scheme is aimed at con-

verting debts already held in promissory notes or state bonds issued by Argentine govern-ments. Once a bld is accepted, the central bank will open a

special account in which debt

Argentinian debt-swap draws strong response

INVESTOR response to Argentins's first debt espitalisation round has been hetter than expected, government officials said, Our Buenos Aires Correspondent reports.

Bids for 15 projects, two more than forecast, were submitted by 14 companies, to a total value of \$224.6m. Officials had forecast project offers would be worth perhaps \$100m. The gov-ernment had set a celling of \$50m on the value of debts after discount, to be capitalised under the initial tender.

In the end, the nominal value of debts which could be con-

Nicaragua seeks early start to peace talks

tor, Reuter reports.
The ceasefire talks, the result

of a regional peace agreement, had not been expected to start until next week. They would be the first face-to-face negotiations between the Nicaraguan Government and the Contraphale in six were of civil war. rebels in six years of civil war.
On Saturday President Daniel
Ortega reversed his long-standing pledge not to talk directly
to the US-backed rebels. It was one of a series of concessions to comply with the regional peace accord.

Nicaraguan diplomats said.

One of the rebel leaders, Mr Pedro Josquin Chamorro, dld not rule out holding face-to-face talks yesterday, but said the rebels might only negotiate with a more senior government delegation.

"We'd only planned n meeting with (church mediator Cardinal Miguel) Obando y Bravo," Mr Chamorro said. "If they want to

Chamorro said. "If they want to wait, there are very nice beaches here."
On Wednesday night the rebel leaders said they planned to give a new ceasefire proposal to the Cardinal to take back to Managua. The six Contra leaders said the proposal would be similar to one last December which bicaragua. Sandiniers which Nicaragua's Sandinista government rejected as too • President Ronald Reagan

will ask Congress next week to approve close to \$50m for the Contras, a senior Adminstration official said yesterday.

The request is expected to be sent to Congress on Tuesday.

The House of Representatives will vote on it on February 3. To increase the prospects for

The majority of the aid that I will be requesting from Congress is for non-lethal assis-

A NICARAGUAN governmen delegation has arrived onexpectedly in San Jose, Costa Rics, to try to hold direct peace talks with rebel leaders who had planned only a preliminary meeting with a church media-

accord.

The Nicaraguan government delegation, headed by Mr Victor Hugo Tinoco, Deputy Foreign Minister, arrived from Managua on Wednesday night to test the rebels' willingness to hold direct talks, which were due to take place here next week,

congressional approval, Mr Rea-gan asld on Wednesday that less that half of the request would be for military equip-

Michael Tarr reports on accusations from right and left of election irregularities

Namphy tightens grip on Haiti

HAITI'S ELECTION saga has taken another sombre turn with the arrest of Mr Louis Dejote Jnr, one of the four former leading presidential candidates who jointly boycotted last Sunday's military-run general elections and successfully urged most voters to stay away from the rolls. the polis.

Mr Dejole, s populist busi-

nessman farmer, has been held incommunicado since his return on Wednesday from ahroad, where for the past month he had lobbied the US, Canadian and Caribbean governments to press for the removal of General Henri Namphy's caretaker

Meanwhile, former allles of

Meanwhile, former allies of General Namphy who ran for the presidency last Sunday are accusing the military of rigging the poll to ensure a victory for centre-right polltical scientist Leslie Manigat.

According to partial results released so far, Mr Manigat is well ahead with slightly more than half the votes counted.

Mr Dejoie's detention is seen as a warning to the three other centrist candidates who joined him in the boycott - Mr Marc him in the boycott - Mr Marc Bazin, n conservntive former World Bank official, Mr Gerard Courgue, the centre-left human rights campaigner and Mr Syl-vio Claude, the slum-dwellers'

leader
They have been branding the poll as a charade, claim that no more than 5 per cent of Haiti's 3m voters turned out, and are talking of e campaign of civil disobedience to force its annulment. Foreign journalists put the turnout at about 10 per cent.



Fourteen died in election killing last November

embargo of Haiti and, in an Interview for a Haitian exile newspaper, accepting that foreign military intervention might be needed as a last resort to prevent further bloodshed.

Mr Dejole, Mr Bazin, Mr Gourgue and Mr Claude were the frontrunners in the aborted November 29 elections in which at least 34 neonle were killed. November 29 elections in which at least 34 people were killed. They decided to boycott the poll hastily rescheduled for last Sunday because it was directly organised by the junta instead of by an independent electoral commission which Geueral Namphy had accused of left-wing blas. Sunday's elections took place

During his tour, Mr Dejois, without violence, although the 59, went further in his statements than his colleagues have constitutional ban on leading dared, requesting a trade presidential candidates closely

linked to the Duvalier family dictatorship deposed in Febru-

General Namphy's motive in maintaining the ban seems to have been a desire to recover a measure of international legitimacy for the elections. The US and France, the impoverished nation's biggest donora, suspended all but humanitarian aid after the November debacle.

The Dursilerist herops have The Duvalierist barons have been reassured by the boycott of the four frontrunners, who were suspected of planning to prosecute members of the old regime on human rights charges, and by the fact that Duvalierists were not barred Duvalierists were not barred allow us to put Haiti in the cat-from running for parliament or egory of countries that have

tions.
Aside from the low turnout Aside from the low turnout, damaging accusations heve come from two right-wing presidential candidates who rallied to the junta's side in November.

Mr Gregoire Eugene, a lawyer, and Mr Hubert de Ronceray, a socioogist, are calling the elections "a military coup of design of property of Manigat."

d'etat in favour of Manigat."
They claim that military commanders told soldiers to vote for Mr Manigat, helped him with ballot distribution — which was the task of the candidates rather than the electornl authorities – and in some cases seized ballot boxes at the close

of polis.

They allege that Manigat's election agents bought ballots from people intending to vote for other candidates, replacing them with Manigat ballots, and access electoral officials of falsifying some returns.

accuse electoral officials of falsifying some returns.

"If they wanted to catapult n
candidate to power, they
shouldn't have done it with
anch brazenness," says Mr
Eugene, He has also voiced
anger at the rumoured role of
the Jamaican Government in
helping to persuade the junts to
back Mr Manigat.

However, despite opting for
Mr Manigat rather than Mr
Eugene or Mr de Roncersy, who
might have been more mallesble but are tainted by past links

might have been more malles-ble but are trainted by past links to the Duvalier regime, there is no sign that the military has opened the doors to a resump-

tion of aid. The US State Department said on Wednesday that "the quality of these elections does not But although free of blood-democracy: Aid will not be shed there is little that was resumed."

Venezuela, Colombia face border chaos

VIOLENCE along Venezuela's long and turbulent border with Colombia is on the increase as the Venezuelan military clashes with Colombian guerrillas near the Arauca river in the south west of the country.

Venezuela reports that 10 Colombian guerrlllas were killed in shoot-outs with units of Venezuela's armed forces last weekend, The Venezuelan Government la maintaining a heavy presence of soldiers and security police in frontier

To underscore the seriousness of the matter, Mr Jaime Lusin-chi, Venezuela's President, has

of narcotics.

Venezuelan and Colombian security officials have been discussing ways of controlling border flare-ups. Mr Jose Angel Ciliberto, Venezuela's minister of the interior, is scheduled to meet his Colombian counterpart later this week.

The 2 250 me horder between later this week. The 2,250km border between Venezuela and Colombia has

come a violent and virtually lawless zone in recent years.

Wenezuela and Colombia have oped a long-term policy to cope where Colombian guerrillas, as a long-standing and bitter diswell as narcotics dealers, black pute over national boundaries marketeers and criminals from in the Gulf of Venezuela, which an invitation to chaos."

Deborah Hargreaves reports on an industry battling against 'unfair competition'

called on Colombia to wipe out both countries are active. The is believed to hold large quani-border violence related to the "old" problem of political sub-version and the "new" problem Colombia's political turnoul and venezuelan Government offivenezueian Government offi-cials believe the country today is facing greater threats to its security than in the past, due to Colombia's deteriorating politi-cal situation, widespread guer-rilla sctivity, and the continued ascendency of the narcotics world-scale narcotics trade will

forced to take action when it was apparent that matters were getting out of control.

Security measures up to now have been applied patchily by Venezuela. As one Western dip-lomat said, until Caracas devel-

WORLD TRADE NEWS

China signs car engine deal with **General Motors**

CHINESE car industry officials yesterday signed an agreement with General Motors of the US that could lead to co-production projects for vehicle parts.

They also complained that joint ventures with Volkswagen and American Motors Corporation have been unsertification. tion have been unsatisfactory. The Chinese have been irritated by the slow localisation of pro-duction in the Volkswagen and AMC ventures, which are producing Santanas and Jeeps respectively. The aim of the GM

link is to improve the quality of local parts.

GM and Peking's General
Internal Combustion engine factory yesterday signed a \$20m contract for n second-hand GM line for the assembly of two-li-

tre engines.

Mr Barton Brown, president of GM Overseas Corporation, said the contract was the "first step" in the company playing a "major role" in the modernisation of China's car industry.

ects that they had envisages.

Mr Chen said the proportion of locally-made parts was far too low, with domestic input amounting to 12.6 per cent of the Volkswagen project and 18.7 per cent of the AMC ven-

Other projects, currently ture under negotiation, include e foundry project, an axle programme amd a project involving the manufacture of starter place, although the 446,000 notors, distributors and alternative and seld-leading eventually to vehicle sproduced domestically last year, up 27 per cent on 1986, fur from satisfied demand.

Mr Chen Zutao, director of the China National Antomotive Industry Corporation, made clear yesterday that the government was displeased by the recurring need to inject foreign exchange into Volkswagen and AMC projects.

"We will continue to support these projects, but the localisa-tion rate must be speeded up," Mr Chen said. The Chinese believe that both are little more than assembly lines instead of the joint manufacturing proj-

China imposed tough curbs on vehicle imports in late 1985, A semi-ban on imports is still in

Saudis re-open bidding on delayed oil refinery

BY FINN BARRE IN RIYADH

TENDERS for the construction of a delayed \$160m lubricant hase oil refinery in Saudi Arabla will be considered at the end of this month.

end of this month.

Five companies, Snamprogetti
of Italy, Technip, of France,
Nigata Engineering of Japan,
Foster Wheeler and Lummous
Crest of the US, have tendered
for the contract. The Luberef II

for the contract. The Luberer II refinery should be on-stream in 1990.

The 1.5m barrel per year refinery is a 70-30 joint venture between the government-owned General Organisation for Petroleum and Minerals and Mobil General Organisation for Petroleum and Minerals and Mobil Oil of the US. The company already operates Luberef I, a 1.74m barrel refinery built in Jeddah

awarding e contract to a Saudi-awarding e contract to a Saudi-Japanese joiot venture, Chi-yoda Petrostar, for engineering and design. However, within months of awarding the contract, the project was delayed because of e fall in oil prices. Petromin then said that the project would be revived once the financial aftu-

Petromin originally tendered for Luberef II in March 1985,

UK begins talks on **Egyptian** arrears By Richard Johns

TALKS started yesterday in London on the rescheduling of repayments of government-guaranteed credit owed to UK companies by Egypt, worth the equivalent of about \$200m.

of ahout \$200m.

The negotiations, relating to arrears up antil the end of 1976 and servicing obligations from the beginning of 1987 to mid-1988, are being held within the framework of the Paris Club

The main issuee facing The main issuee facing Britain'e Export Credite Guarantee Department and the UK Treasury in their exchanges with the Egyptian dolegation will be interest rates and the exact amount of the payments to be rescheduled. Overshadowing the talks

is a dispute between Cuiro and the International Moneand the international Mone-tary Fund over whether President Hosni Mobarah's Government has met obliga-tions under the terms of the accord concluded last May on rescheduling about \$8hn debt of an estimated total of over \$40bn. Failure to resolve the dis-pute with the IMF over

pate with the IMF over Egypt's observance of an Egypt's observance of an agreed financial reform package could jeopardise the whole programme for rescheduling etate-guaranteed debt and aid worth \$600m promised by tha World Bank. The biggest issue is believed to relate to the size of and method of calculating the budget deficit.

So far Egypt has settled with the US (\$1.8bo), France (\$1.6bn), West Germany (\$600m), Spain (\$250m). It has not resolved differences with Australia. (\$250m). It has not resolved differences with Australia, another major creditor owed \$400m and a major wheat enpplier, over the margin to be charged in respect of Canberra'e borrowings to cover the amount to be rescheduled. Deadlock between the IMF and Egypt has held up two credits worth the equivalent of \$60m out of the \$360m committed by the Fund under the terms of the May 1937 agreement. May 1987 agreement.
On his toor to Weetern
Europe and the US starting
next week Mr Mubarak is
expected to ask for more

favourable treatment.

US steelmakers look for Washington allies

SEVERAL YEARS ago, a popular US cartoon depicted a steel-worker with a steel beam thrust through his belly. A leg-end on the side of the beam

read greetings from Japan."
While US anti-importation rhetoric ought to start sounding defunct in light of the falling dollar, US steelmakers remain strongly against any relaxation in import restrictions. Although the current steel import the current steel import restraint programme is not due to run out until September 1989, Big Steel is looking for a government commitment to its continuation in splte of steel shortages during the period of the boom market.

Several re-rolling companies - those that roll semi-finished steel slabs into strip - complain bitterly about a shortfail in bitteriy abont a shortrait in their supply of raw materials. West Coast-based California Steel, for one, says it is having to turn nway orders because of a lack of sufficient steel slabs. These mills complain of being faced with bureaucratic appli-

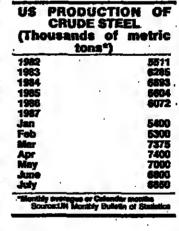
where near the amount (of semi-finished steel) we need from domestic sources," stresses an official at Lone Star Steel in Texas. But the company describes its four short-supply applications as a "frus-trating" experience. It can take several months for Commerce to review and even then, there is no guarantee the allocation will be granted, the official

will be granted, the official says.

Big Steel, however, says it has fought a long battle against "unfair competition" from imported steel and is not going to give up its hard won gains just yet. In 1984, steelmakers finally convinced a pro-free trade president to sign s voluntary restraint programme that would give them a five-year respite from burgeoning import levels in order to restructure.

The programme aims to limit The programme aims to limit steel imports to about 20 per cent of the 100m-ton US steel

market, through a series of Vol-untary Restraint Agreements (VEAs) with importing councations to the Commerce
Department to gain an exemption to import steel above the
legal limits. To do this, they
must prove that the types of
steel they need are in "short
"We're nnable to get any"We're nnable to get any-



Milton Deaner, the AISI president, the industry's results are "not at all satisfactory." With another 18 months of the VRA programme to run, steelmakers are looking for steemakers are looking for ailies, particularly in the run-up to this year's presiden-tial election. But by regulating imports in this way, the steel industry is in danger of making a rod for its own back.

With market share in any

ent tax credits, stresses Mr

VRA based on traditional importing patterns, analysts point out that suppliers will be eager to hold onto their hardwon slices of the market. This could see supplying countries, struggling to full their quotas in spine of a falling dollar,

Even the American steel Importers association is resigned to an extension of VRAs and has shifted its position to push for some relaxation in the current programme.

"While we would like a return to free trade, we reinctantly recognise that quite a bit of pressure is being exerted for a continuation of VRAs, points out Mr Erwin Klein, president of the American Institute for Imported Steel. "But there should be some major revisions in that programme."

The revisions Mr Klein is looking for would remove semi-finiabed steel from testraint. While these so-called foreign "semis" are limited to 1-7m tons a year, imports have been running closer to 2.5m tons and there have still been shortfalls.

"We have to stop our mill for a week or so every month, because we just cannot get emough raw material," an official at California Steel asserts. California Steel, itself foreign-

Gatt still split on farm aid

SERIOUS differences over farm SERIOUS differences over farm subsidies continue to divide major participants as the international trade talks in the Uruguay Round get under way again, senior Gatt negotiators acknowledged yesterday.

The differences were underlined during exchanges on international farm trade reform at the Nstional Agricultural Outlook Conference which ended yesterday in Canberra.

Mr Daniel Amstutz, US Ambassador to the talks, reiterated the US's "zero option"

position, calling for an end to all subsidies and a dismantling of all trade barriers over 10 years. "The opportunity is now and it won't wait," he said.

But Mr Peter Pooley, the European Community's deputy director general for agriculture, insisted that the EC would not throw out its Common Agricultural Policy of incentives and supports. "We want to spend less and spend more effectively, but we will still be considerable subsidisers."

The Gatt talks enter their proper negotiating phase in Geneva next week, according to Mr. Charles Cartisle, Gatt's deputy director general. He confirmed that n ministerial meeting would conduct n mid-term review in Canada in December. Between the US and the EC stands the 13-nation Cairns Group of commodity productions of the proper negotiating phase in Geneva next week, according to Mr. Charles Cartisle, Gatt's deputy director general. He confirmed that n ministerial meeting would conduct n mid-term review in Canada in December. Between the US and the EC stands the 13-nation Cairns Group of commodity productions of the proper negotiating phase in Geneva next week, according to Mr. Charles Cartisle, Gatt's deputy director general. He confirmed that n ministerial meeting would conduct n mid-term review in Canada in December. Between the US and the EC stands the 13-nation Cairns Group of commodity productions of the proper negotiating phase in Geneva next week, according to Mr. Charles Cartisle, Gatt's deputy director general. He confirmed that n ministerial meeting would conduct n mid-term review in Canada in December. Between the US and the EC stands the 13-nation Cairns Group of commodity productions of the proper negotiating phase in Mr. Charles Cartisle, Gatt's deputy director general. He confirmed that n ministerial meeting would conduct n mid-term review in Canada in December.

Between the US and the EC stands the 13-nation Cairns (and the EC stands the 13-nation Cairns (and the EC stands the 13-nation Cairns (and the EC stands the IS-nation Cairns (and the EC stands the IS

Portuguese trade deficit grows

PORTUGAL'S annual trade deficit reached E8539bn (\$4bn) by the end of November largely because of a sharp growth in imports from the EC.

Healthy invisible earnings from tourism, emigrants' remittances and strong foreign capital inflows, were expected to offset the jump in imports on the current account which is expected to show n small sur-

No 'disastrous' shortage if Iran blocks Gulf oil

the International Association of increase in of Independent Tanker Owners.

In a report on the importance of free navigation in the Gulf, Intertanko suggests that Iran might be tempted to close the Strait of Hormuz If Western naval forces were to withdraw.

This would prevent the transit of tankers carrying nearly 7m barrels of crude oil and refined products per day, around 15 per cent of non-Communist world consumption.

Intertanko series of \$2 increase the transit of tankers carrying nearly report says.

This would prevent the transit of tankers carrying nearly report says.

The impact be far greater the US, and some capacity elsewhere, oil company inventories and strategic

pany inventories and strategic says.

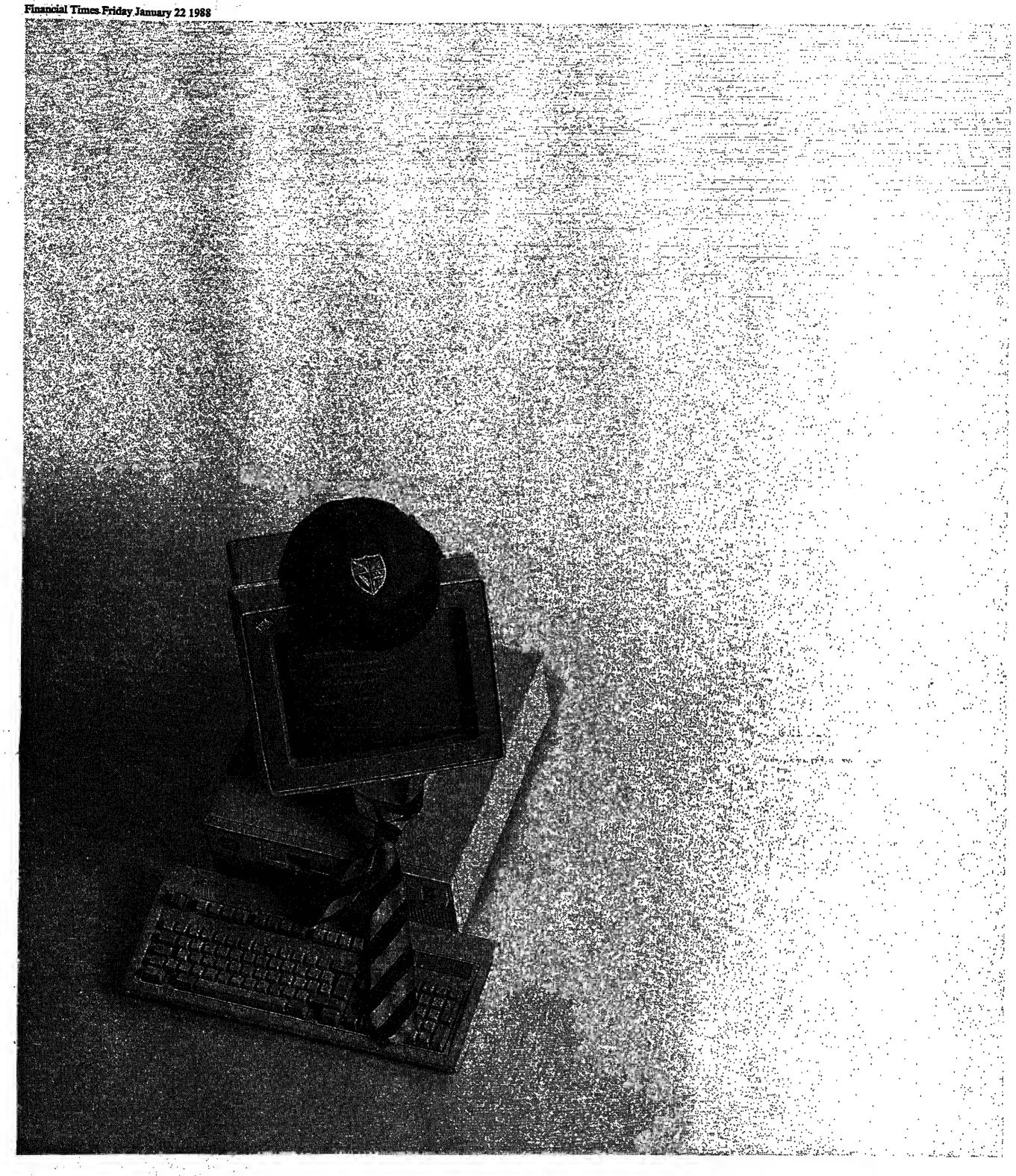
AN IRANIAN blockade of Guif supplies rather than drawing oil supplies would increase Western oil import bills and This could push up the price reduce economic growth, but need not lead to n disastrons burrel in the short term, possionersy shortage, according to biy followed by n permanent the international Association of increase in oil contract prices in a report on the importance of free navigation in the Guif report says.

Intertanko estimates that av increase of \$2 per barrel would increase the total oil import bill of the Organisation for Economic Cooperation and Development countries by \$12.5m per year,

The impact on growth would be far greater. An increase of \$2 per berrel would cut gross national product by \$57.7bn in the US, and around \$248bu in Japan, \$25bu in West Germany and \$50bu in France, the report

petroleum reserves.

But it concludes that the dence that refiners and oil comatmosphere of crisis likely to panies are concerned that the follow closure of the Strait Strait may be closed, despite would lead refiners and trading the presence of US and Eurocompanies to seek additional pean naval forces.



Why do many successful managers consult a 5 year old?

The 5 year old in question celebrates its birthday this month. (Many happy returns to the IBM Personal Computer!)

All over the UK, managers of the largest corporations to the smallest corner shop have found IBM Personal Computers more than capable of shouldering adult business responsibilities.

In January 1983 the standard for personal computing in this country was defined by the arrival of the original IBM PC.

During the last five years a whole new family of IBM Personal Computers has been delivered.

They now range, in order of seniority, from the IBM Personal System/2[®] Model 30 workhorse, up to its big brother the 386 chip-based Model 80.

These additions to the IBM family are expected to set personal computing standards for a whole new generation.

Sharing business concerns with a youngster may seem strange. But remember.

The experience of some child prodigies belies their age. If you'd like to see the new IBM Personal System/2 range, write to us and we'll arrange to send you the family album.

Please send me more information on the IBM Persons Name:	a System/2 rang
Position:	
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Address:	
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Send this coupon to Rosemary Matthews, at the National Enquiry Centre, IBM United Kingdom Limited, FREEPOST, London W4 SBR, or relephone 01-578 4399 during working hours.	IBM

BY PETER RIDDELL, POLITICAL EDITOR

ADDITIONAL Government funded by new money. Depending on the extent of the restructuring, this could easily amount to more than an extra March budget, and it will be tied specifically to the restructuring of any awarde are included.

uring of nurses pay.

This is regarded by ministers as consistent with the Treasury's refusal – endorsed yes-terday by the Prime Minister, Mre Margaret Thatcher – to reconsider its public spending decisions and to add extra spending in the March 15 Bud-set.

get.
The cash increase will come in the Government's response to the proposals of the independent pay review body on nurses, to outside and opposition pressure, but can instead
pay which is currently considering far-reaching changes to
reward skilled staff who are in
ehort supply. Its report ie
expected in April.

The Treasury is at present claimed that most Conservative
declining to say how much of

included.

However, senior ministere involved agree that in the current political climate, most of the extra cost will have to be paid for by the Treasury from the contingency reserve.

Such an additional provision is seen by ministers as political.

is seen by ministers as politi-cally attractive eince it cannot be described as anindiscrimi-nste financial hand-out in response to outside and opposi-

ehort supply. Its report ie expected in April.

The Treasury is at present claimed that most Conservative declining to say how much of the extra cost above existing allocations will be separately conditions would not be an arrangement of the extra cost above existing to provide more more work without conditions would not be an arrangement of the extra cost above existing to provide more more without "make Budget day, national health day."

answer; the emphasis would have to be on improving effi-ciency, generating more reve-nue and increasing the private sector contribution.

Nevertheless, many Tory MPs argue that a chort-term increase in money is necessary to give e breathing-space while any longer-term changes take

The Treasury is reluctant to The Treasury is reinctant to provide more money for the NHS in the budget partly because it does not believe the case for an increase has yet been made, in view of differences in performance between hospitals; but it is also conhospitals; but it is also con-cerned thet demands from other departments may be trig-

UK-overseas investment gap widening, CBI tells Lawson

ish industry yesterday gave a warning of e widening invest-ment gap between Britain and its overseas competitore and called for a substantial reduc-tion in the rising tax burden on

In its representations to Mr Nigel Lawson, the Chancello the Exchequer, ahead of his budget on March 15, the CBI said that he should eschew large-scale cuts in personal tax in favour of moves to encour-age new investment in indus-trial plant, in research and in

training.

Any reductions in income tax should be concentrated on reducing the top marginal rates and in easing the poverty trap at the lower end of the income scale rather than on giving a generalised boost to consump-

concern that the Government maintain stering's value at a competitive level against other ham, the CBI's director general, emphasised the organisation's concern that a massive income tax giveaway could widen Britain's trade gap and put upward pressure on interest rates.

Among the options open to Mr Lawson to improve the out.

Budget demands from employers Close investment gap between UK and competitors

 Reduce tax burdens on industry
 Eliminate wasteful public spending Increase public spending capital projects
 Encourage more small business enterprise

look would be a cut in corporation tax, some restructuring of capital allowances, particularly for small firms, action to hold down business rates and increased flexibility in the business expansion scheme. At the same time the Government's plans for large increases in electricity prices should be industry, but British companies were nonetheless paying more tax on smaller profits than their West German counterparts, Mr Banham said.

The CBI devotes considerable

dropped.
The employers' organisation also re-emphasises industry'e concern that the Government

on industry had gone up by \$8bn. Part of that increase reflected the improved profitability of industry, but British companies

The CBI devotes considerable space in its representations to the investment gap between Britain and West Germany, which it says has widened by \$25bn since 1980. In 1986 West German manufacturing industry invested \$700 per employee more in fixed capital than did British manufacturing. British industry was similarly weak in

Trident costs trimmed by £222m

THE ESTIMATED cost of the Trident nucleer missile programme has fallen again over the past year by \$222m as a result both of savings in real terms and the impact of the rise in sterling against the dollar.

Revised estimates were anounced yesterday by the Ministry of Defence, which also confirmed that Britain would join the project definition stage of the proposed joint Nato frigate for the 1990s, the NFR 90.

However, the go-ahead is dependent on progress at the appraisal stage, and follows a compromise between the Ministry of Defence and the Treasury at a Cabinet committee

Liberals merger war

The Liberal leadership, however, believes that many members will not make up their

telephone market with small business exchanges capable of handling up to 50 lines at once. Competition in such products, known as key systems, has intensified greatly in the last five years after the liberalisation of UK telephone procurement.

Mr Andrew Roberts, general manager of Toshiba UK's telephone the US.

However, Mr Michael Mea-owcroft, the former Liberal required majority.

So far, Toshiba's business in office products has come mainly through its copier line and its range of portable and laptop computers — a sector where it has jumped to market leadership in Europe. It also launched its facsimile machines in the UK last year.

David Thomas writes: Japanese electronics companies

laptop computers — a sector where it has jumped to market leadership in Europe. It also lannehed its facsimile machines in the UK last year.

David Thomas writes: Japanese electronics companies might invest as much as £100m in the UK this year, the European director of the Electronics industries Association of Japan said yesterday.

Reviewing a booklet on the Consumer electronics to industries to industries as expected an increase in the number of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese components in Europeins in the UK, partly as a result of EC action against use of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese component companies setting up in the UK, partly as a result of EC action against.

Industrial electronics

In the UK is year.

**David Thomas writes: Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese component companies.

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**David Thomas writes: Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese components in the UK this year.

**David Thomas writes: Japanese components i

Hurd hints at limit to secrets The estimates were prepared towards the end of last year on the basis of a \$1.62 exchange rate. However, since every cent rise in sterling saves about \$20m\$, and the pound has appreciated this year, the carrent cost might be \$300m atc, which will replace the Royal Navy's Type 42 destroyment. The sengence Secretary, announced tussie. categories

By Tom Lynch

REFORM OF Britain's secrecy laws could involve limiting the number of categories of Gov-ernment information to be kept secret. Mr Douglas Hnrd, the Home Secretary, indicated in the House of Commons yester-

Mr Hurd was challenged at question time in the Commons about the revolt by his own backbenchers last Friday on a private member's bill to abolish Section 2 of the 1911 Official Secrets Act — which makes unauthorised disclosure of any official information a criminal offence.

offence.

Mr Hurd said he wanted to see a decent, restricted system for the provision of official information rather than the

By Michael Cassell,
Political Correspondent
THE BATTLE between the Liberal Jeach Correspondent
Social Democratic Party was in advance of its rapidly expanding office systems division.
Although Toshiba created its assembly in Blackpool, on the north-west coast.

Up to 3,000 Liberals are expected to attend the assembly, which will vote on whether or not to put the merger package to a full ballot.
Both camps were claiming yesterday that they were set to win the vote, which will require a two-thirds majority.
The Liberal leadership, however, believes that many members will are the company has chosen to form the provision of official information rather than the present system, which has been open to misuse and misrepresentation, and that is what we intend to get. The company has been open to misuse and misrepresentation, and that is what we restrict that the company in decided to concentrate on Britain, Mr Takso Negishi said information rather than the presentation, and that is what we restrict that the company industry's experience in Britain, Mr Takso Negishi said intend to get. The labour relations had murrowed markedly in the last decade. The communication market. The sterile communication market. The addition, distribution channels in Britain. The sterile communication market on the last decade. The communication market of the presentation, and that is what we restrict that the company has been open to misuse and misrepresentation, and that is what we the sent that area of the telecommunication market.

ToshiBA, the Japanese electronics to misse the present system, which has been open to misuse and misrepresentation, and that is what we restrict that the company has the great products in that area of the presentation and intend to get. The communication market.

In addition, distribution channels in Britain.

The abour relations for a first in the marked by in the last decade. The presentation is a feature common to all of the presentation is a feature common to all of the presentation is a feature common to al He said this view was indicated by the fact that only two of the 19 Tories who defied a Government order last Friday to support the bill were from among the 53 Conservatives first elected in June last year.

Mr Roy Hattersley, Labour'e home affairs spokesman, sald allegations by Mr Anthony Cavendish in his privately-published book that elements in the security services had sought to discredit MPs from both sides of the House should have been investigated

However, Mr John Stokes (Conservative) said: "All these matters of secrecy are mainly

matters of secrecy are mainly of interest to the media and those concerned with the media."

He added that the mass of

He added that the mass of patriotic people wanted state secrets kept state secrets.

Mr Hurd agreed that the flavour of discussion in his constituency last weekend had been different from that in the House of Commons last Friday.

He said there had been at least 15 years of public debate on the issue and there would be a full opportunity for inter-

a full opportunity for interested parties to comment before the June White Paper (policy document) or between its publication and the framing of legislation.

lower. Mr George Younger, the Defence Secretary, announced that on a longer-term basis the real cost of the Trident project the original 1982 estimate. This is in addition to savings resulting from the decision to have UK missiles maintained in the US in Georgia rather than in Scotland. Royal Navy's Type 42 destroy-ters, follows a lengthy Whitehall tussle. Six other countries, including tussle used a memorandum of understanding last October, but the UK had been reluctant to align because the programmes for the ship and for the main weapon systems have been out of synchronisation. Toshiba diversifies with small phone exchanges for business

was returning especially from the US.

He added: "I am still concerned that an honest marriage can, and should, be made...Recent disputes have not been between the two parties but within them."

MP and president-elect of the Liberal Party, yesterday stepped up the campaign against a merger, calling the package "divisive and biased." package "divisive and biased."
Mr Adrian Slade, the Liberal
president, said yesterday he
believed the merger package
would be approved by the

Abbey to fund commercial property

ABBEY NATIONAL has become ABBEY NATIONAL has become the first building society to finance a large commercial property development, marking a significant departure away from the industry'e traditional residential base.

Another leading society, which yesterday declined to be named, is expected today to follow suit by amouncing its own venture in commercial property development.

The entry of building societies into the commercial arena, though modest in terms of their total lending at this stage, could have significant long-term repurcussions. Societies have suffered from severe competition for residential mortgages and are likely to welcome the opportunity to diversify into higher-margin lending which is also secured on property.

Abbey is providing £40m for



Housebuilding starts highest for 14 years

nts

than 194,000 private homes in Great Britain last year, the highest number for 14 years, according to figures published yesterday by the National House-Building Council.

House-Building Council.
The council expected house-building starts to remain high

year rose by 4 per cent compared with 1986.

Mr Basil Bean, the council's director general, said the stock market collapse had not affected housebuilding activity, although London house prices appear to be stabilising at the top of the market.

Starts made on new house

Starts made on new homes during the final three months of last year were 28 per cent higher than during the last three months of 1986, underlining the continuing buoyancy in the housing market following the stock market crash.

However, the pace may be slowing in south-east England and Greater London, which last year accounted for more than 35 per cent of all private homes started in Great Britain.

According to the council, starts in the south-east during the final three months of last year were 3 per cent lower than in the previous three months. Sheld £10.

England increased by 3 per cent over the same period. over the same period.

The south-east, particularly those parts of London where young professionals tend to live, is seen as the most vulnerable to the slide in share prices atthough so far house prices and sales have remained unaffected apart from some parts of Docklands in east London.

Docklands in east London.

Building societies are more concerned at the way in which price rises have outstripped sal-

concerned at the way in which price rises have outstripped salary increases, leaving people in high priced areas unable to afford to buy their own home. Purchasers are having to borrow approaching four times their average annual wage to buy an average priced house, say the societies. They expect house price increases to be in double figures this year, although slower than in 1987.

• High demand for sheltered housing for sick and elderly people has led to landowners obtaining planning permission for sites that are totally unsuitable, too far away from shops, public transport nontes or on steep ground, warms a report published yesterday by the House Boilders' Federation.

Sheltered Housing for Sale.

BEC Publications, Federation House, 2309/11 Coventry Rd, Sheldon, Birmingham B36 2PL.

Electronic transfer urged on industry

THE TRADE and Industry Department is urging com-panies in 10 industrial sectors to communicate more business electronically in a project called Vanguard launched in 1986 to stimulate information transfor electronically for improved efficiency.

efficiency.
Such services are called value-added and data services. They include electronic messaging and electronic data interchange, where companies send documents such as invoicea between elients and suppliers over telephone lines.
Until now electronic data Until now electronic data

Until now electronic data interchange has been adopted by only a few industries, among them motors and shipping.
However, the department, using responses to Vanguard's first phase which included free advice, has picked industries it believes most interested to detailed. nost interested to develop the services.

They are textiles, whole-sale food distribution, elec-tricals, construction, educapharmaceuticals, brewing, aerospace, agrichemicals and transport. Hazel Duffy reports on the campaign to provide business consultancy services

DTI preaches the enterprise gospel

A MISSIONARY zeal has taken over in the regional offices of the Department of Trade and

Industry.

In the north-west, getting the enterprise message over means civil servants getting closer to the customer. This is not just in Manchester, but also in Liverpool, Kendal, Preston and Crewe.

My Martin Balant DVI dinger.

Mr Martyn Baker, DTI direc-tor in the north-west, moved his new team out of the Man-chester tower block into new premises in downtown Mosley Street in time to coincide with

the announcement last week of the new policies by Lord Young. Trade and industry Secretary. The team has been picked to go out and sell the new consul-tancy services. There will even-tually be about 30 in the whole region. Most had already been working in the Manchester office but a few have been netted from Whitehall in response to a pre-white paper trawl to find volunteers for the regions. find volunteers for the regions.

The Mosley Street team work in offices designed to dispel the common image of the uncaring civil servant. A window to the ground flour offices displays the new departmental logo to bring home the message that the DTI is available to the businessman. Close carpets new nessman. Close carpets, new desks and terminals complete the image of a professional organisation, while an inter-view room for more private dis-cussions has been thoughtfully

view room for more private discussions has been thoughtfully provided.

It is all in line with Lord

They will take every opportunity to meet and talk to people. They cannot do that simply sitting in an office."

Young's premise that the department will only be taken seriously in encouraging business to become more professional if it is seen to behave likewise.

likewise.
A similar approach will be adopted on Merseyside. The other offices will be in a college of further education — helping also to emphasise links between business and education — and a local chamber of commerce, which businessmen are already in the habit of consulting. The civil servants in these offices will be "field officers," says Mr Baker, whose job will be to build up a network of contact build up a network of contact points with local business.

Getting closer to the customer is one of the first lessons in any management manual. In selling itself, however, the DTI is not actually providing the product. In the early stages, the product is consultancy services in areas such as design, marketing and quality. Later, the regional offices expect to be more involved in the support for innovation programmes – encouraging companies to collaborate with other companies in research and development, and with higher education insti-

in research and development, and with higher education insti-The first step on the consul-

Lord Young has the successful organisation of the Man-power Services Commission behind him, which combined public and private sector tancy services ladder is to get an "enterprise counsellor" to do a one to two dsy visit to the company which approaches the company which approaches the department. The counsellor - new business initiative - which has been allocated \$74m in the

has experience already of pro-viding consultancy services,

basis.
But there are some inconsis-But there are some inconsis-tencies which will need atten-tion if the scheme is to work. The aim in Mosley Street is to provide as near as possible a one-stop shop. But there is the small matter of the small firms service offered by the Depart-

ment of Employment.

The DTI says that the two are complementary - Employment is concerned with helping small firms at the earliest of stages, DTI takes it from there — and that inquiries to one, which seem better suited to another, will be passed on. Nevertheless, the separation of the two looks increasingly like a hindrance to

vice to business.

Then there is the matter of the budget. Despite the lip service paid in Whitehall to delegated budgets being a necessary part of devolved authority, Mr Baker does not have his own budget for the new initistive.

budget for the new initistive.
Lord Young explained his regional policy changes as the Government seeking to increase indigenous growth in the regions and avoiding the branch economy situation. If his regional offices are to be given a bigger role, as the white paper said, and to be told to identify more with local business, they will need to be given more financial responsibility.

Chemicals group in US growth

ALLIED COLLOIDS, the Bradford chemicals group, is spending \$15m (£8.9m) expanding its US plant in Suffolk, Virginia.

The investment is aimed at adding to a sales drive by Allied Colloids in the US, where last year the com-pany derived about a third of its £143m sales revenue. It will also reduce the costs of shipping products from the UK.

Oniput from the Suffolk plant, which employs 150 and was opened in 1983, is worth about Slim a year, with the rest of Allied Col-loids' US sales met by prod-ucts from its main Bradford

The US expansion will increase production of the Suffolk plant by half and require about 50 more workers. The plant's main prodadditives used to aid chemical processes in industries such as paper-making, min-ing and pollution control.

ITV revenue totals £1.33bn

THE 15 regional independent television companies earned a record \$1.33bn in net advertising revenue last year. The unandited figure was an increase of 12.1 percent or the 1986 total of \$1.18bn.

Advertising revenue varied from peak growth of 21 per cent in May to a 1.34 per cent fall in November compared with 1986. The rate is expected to slow this year but real growth of 8-10 per cent is being forecast. • TV-am, the commercial breakfast television comny, plans a wide variety programmes for US tele-tion and cable companies.

BP share advertising cost £23m

SALE OF the government hold-ing in British Petroleum cost £23.1m in advertising bills, bringing official total advertisement spending on the privatisa tion programme to more than

The figures were issued in a written parliamentary answer by Mr Norman Lamont, Tres-

He said the next biggest bills were the £11.7m for advertising the British Telecom flotation in 1984 and £11.5m for the British Gas sale in 1986.

However, some media analysts say the total cost of popularising the gas sale, including advertisements and prospectuses, was nearer \$30m.

Assuming Mr Lamont's figures were calculated on a common basis, the higher BP cost appears to reflect the siz the issue and difficulties of marketing it, aside from those

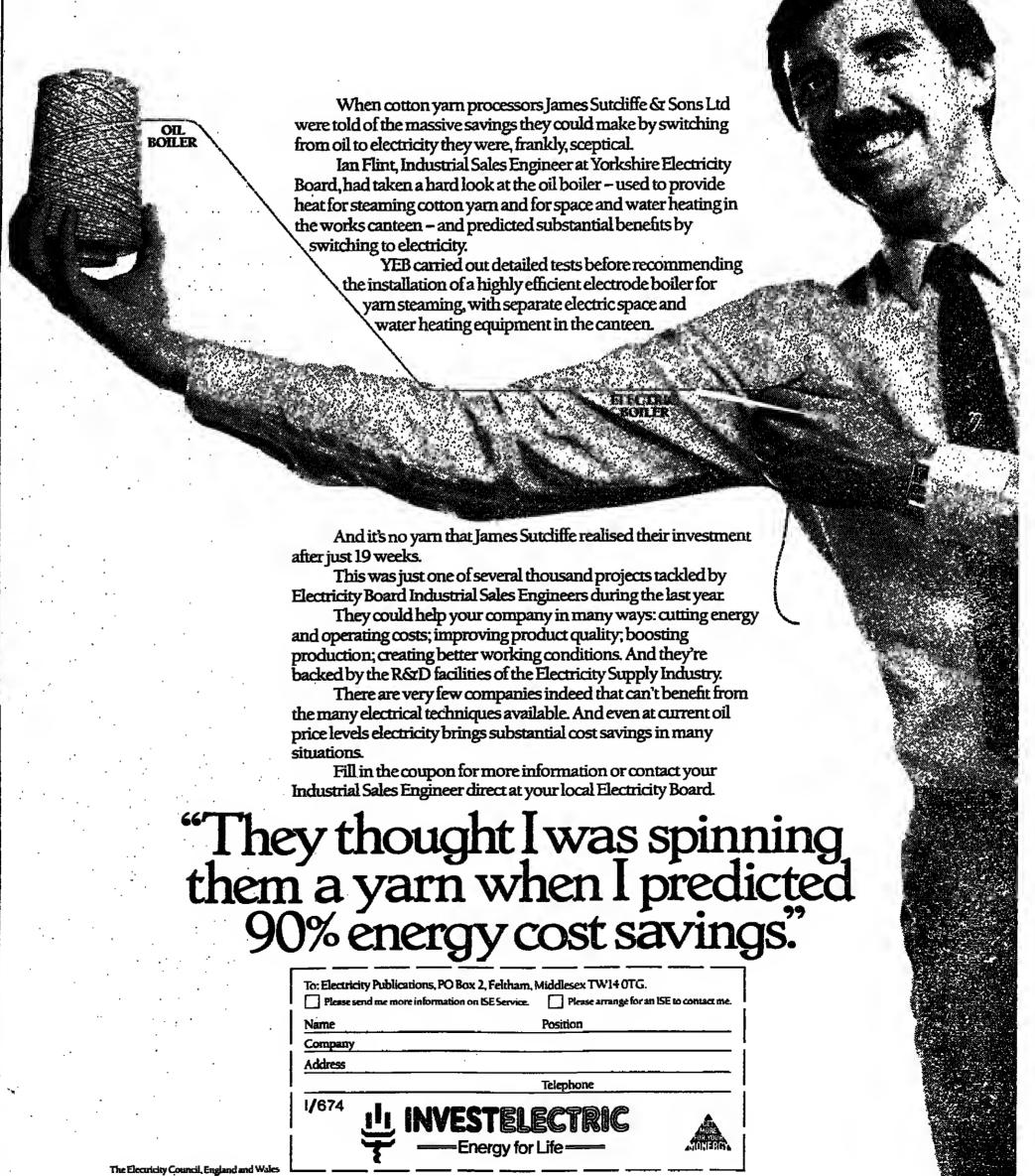
caused by the stock market Whereas the entire gas corporation was being sold for the first time, the BP sale had to arouse public enthusiasm for a secondary issue involving the Government's 32 per cent stake and a further 20 per cent rights

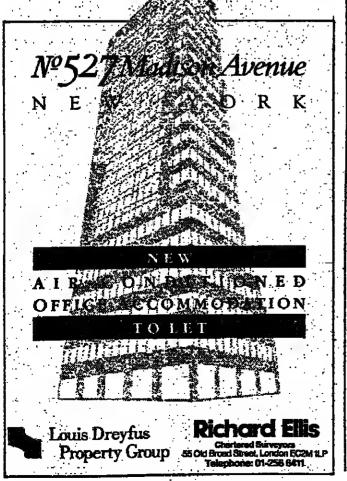
and a further 20 per cent rights issue by BP.

An advertising executive said that in a climate of falling oil prices those responsible for marketing the issue "had to create a feeling of scarcity and then persuade the public to get its money out of the building society."

society."
The targets in the three big flotations also differed — the British Telecom sale aimed at raising £4bn, British Gas at £5.6bn and BP at £8bn. Further, a bigger andience was sought for BP.
All three were marketed by Dewe Rogerson, the communications consultancy now advising the Central Electricity Generating Board on the society."

erating Board on the Government's more complex plan to privatise electricity





Hewlett-

Packard

in sales

record

By Terry Dodsworth

THE STRENGTH of the UK

computer market last year was underlined yesterday in figures

from Hewlett-Packard showing record sales, profits and exports in the 12 months to the end of October.

The British subsidiary of the

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

TWO LEADING private health organisations are combining to launch a scheme which they hope will widen the UK market for health insurance.

for health insurance.

A more rapidly expanding private sector would help the Government to develop relationships between the National Health Service and private health providers. In the absence of greater public funding, the growth of private insurance is the way of producing the une way of producing the increase in total health care resources which Mr Johu Moore, Social Services Secre-

tary, agreed last week was required. The scheme, to be operated by Nuffield Hospitals and Cru-sader Insurance, is designed to encourage more people to take

out private health insurance as individuals.

About 70 per cent of acute Plymouth. medical activity in Britain's 200 private hospitals is financed by insurance. Estimates of the number of people covered by such insurance vary, but it is less than 10 per cent of the propulation.

"We have to think very seriously about ways of increasing
the size of the whole private
health sector," said Mr Oliver
Rowell, general manager of
Nuffield. "A considerable percentage of uninsured people are
now paying for private treatment out of their own pockets.
Our new scheme is designed to
get through to such people and
show them how attractive private medical insurance can be."

moters eay two other major
comparable schemee cost
443.54 and \$57.10.

The scheme dispenses with
questionnaires seeking details
of applicants' health.
accepted at a
single rate for their age and
family status, although medical
conditions known to exlst
before the application will not
be covered for the first two
years.

Plymouth.
Nuffield and Crusader say

private hospitals is financed by insurance. Estimates of the number of people covered by such insurance vary, but it is less than 10 per cent of the population.

"We have to think very seriously about ways of increasing the size of the whole private health sector," said Mr Oliver

Nuffield and Crusader say that, by combluing their resources, they can make presumes considerably lower than middle-aged couple with children will be \$31.84. The promoters eay two other major comparable schemee cost \$43.54 and \$57.10.

The scheme dispenses with

Tighter rules as unpaid tax increases

THE Government yesterday reported a sharp increase in the amount of unpaid tax that has been written off by the Inland Revenue from insolvents and from debtors who had gone abroad or were untraceable.

Answering questions tabled by Mr Gordon Brown, Labour'e Treasury epokesman, Mr Nor-man Lamont, Financial Secre-tary to the Treasury, said a total of £299.8m in unpaid tax had been written off

The largest rise was in the numbers of non-payers whose debts had been written uff because of insolvency.

There was a similar increase The Revenue, however, appears to have tightened the rules covering the much smaller amounts it is prepared to forgo in cases of hardship.

And been writted off That compared with £60.3m from 26,171 to 51,304 in the number of taypeyers who avoided payment by vanishing without trace or by leaving the country.

Pulp and paper use increases by 7%

By Maggie Uny

UK USE of pulp and paper ruse by 7 per cent and output by 6.5 per cent last year, Mr Bo Wer-gens, Swedish Pulp and Paper Association director general, said yesterday. The UK is Sweden'e largest export market

for paper.

He was speaking in London on publication of the association's 1987 annual report.

Worldwide growth last year was 5 per cent and followed a rise of the same amount in

He said: "Europe has seeu five years of good consumption. We know by experience that after good years leaner ones follow."

However, ha believed this first half would show growth and there were no signs the secund half would be other than

Strong demand allowed price rises, perticularly for pulp, where mills worldwide were

where milis worldwide were
working near capacity. Market
pulp stocks were at an historically iow level of 12 days.
UK prices rose by 10 per cent
in aterling terma last yeer.
However, Mr Bo Berggren, president of Stora, the Swedish forest-products group, said pulp
prices were still far too low to
make investment in new milis make investment in new mills



The Financial Times Centenary Photographic Exhibition, which will tour the UK this year, was opened by Sir Geoffrey Howe, Foreign Secretary, at a private view at the British Telecom Tower in London yesterday. The exhibition contrasts pictures by FT photographers taken in the late 1980s with images of a century ago. Pictured are Sir Geoffrey, right, with, from left, Mr John Raisman, BT deputy chairman, Mr Errol Yates, Kodak UK chairman, and Mr Frank Barlow, FT chief executive. The exhibition opens to the public at Gatwick Airport on Feb. 1.

Army to set up HQ near Irish border

THE ARMY is to have a new brigade headquarters in Armagh to spearhead the fight against terrorism along the border between Ulster and the Republic of Ireland, Mr Tom King, Northern Ireland Secretary apparatus of the secretary apparatus tary, announced yesterday.

The development follows a

review of security force deploy-ment in Northern Ireland but will not result in more troops being sent to the province. The army bas two brigades in Northern Ireland, at Lisburn

and Londonderry. The review, carried out by Mr King in conjunction with Sir John Hermon, Chief Constable

of the RUC, and Lt Gen Sir Rob-ert Pascoe, the GOC, concluded that a new brigade headquar-ters should be set up to co-ordi-nate anti-terrorist operations. Mr King said the measure did not involve a change in security policy and the Chief Constable would retain overall responsi-bility for all operations con-

bility for all operations conducted within the law.

Mr King said: "The quest for new and better ways of tack-ling violence and banishing the spectre of terrorism from our country is a ceaseless one, and 1 believe that these new arrange-ments for deployment will make a valuable contribution."

racks in Armagh and the new brigade is likely to be accommo-dated in existing buildings.

Its task will be to patrol the border regions with the Irish Republic, enabling the other two brigades to concentrate on supporting the RUC in other parts of the province.

A spokesman at army heada spokesman at army head-quarters in Lisburn said the new brigade would be opera-tional within a few months. There would be redeployment of regular army trips but the role of the Ulster Defence Regi-ment would remain unchanged.

The British subsidiary of the US-based company achieved a 145 per cent increase in pre-tax profits to 531.8m against £13m in 1986. Turnover jumped by 20 per cent to £428m from £357m, while exports also went up by 20 per cent to £187m from £115m.

As a result of its expansion, the company increased its UK workforce by about 100 to 3,640 people, although investment fell to £24m from £25m. Part of the investment was in a new site at Bracknell, Berkshire, which the company has earmarked for customer sales and support operations.

earmarked for customer sales and support operations.

Hewlett-Packard, which also makes a range of electronic measurement producte, sounded a confident note yesterday on its prospects for this year. The company has recently emerged from a long period of reorganisation and of remodelling its product line, and believes it is now benefiting from growing demand for its approach to network computing.

Promising Year Ahead for ANZ.

Highlights from the Chairman's address:



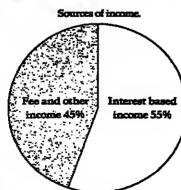
Sir William Vines, A.C., C.M.G. Chairman, ANZ Group

Addressing shareholders at the Annual General Meeting on Monday, 18 January, 1988, ANZ's Chairman, Sir William Vines. made these points:

As the most diverse Australasian financial institution, we are now beginning to make our worldwide representation work for us in two ways - one in serving Australian and New Zealand companies overseas, and the other in servicing overseas companies with interests in Australia

Our organisational structure assists the achievement of these objectives and our diversity within tinancial markets is increasingly making us less reliant on any one aspect of our business.

This is evidenced by the fact that in 1987 some 45 per cent of our global earnings were generated from fees and other income, placing less reliance on traditional interest



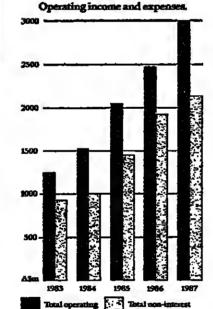
Group Results.

Although the return on average share holders' funds was not increased above the previous year's level of 13.1 per cent, the decline which had occurred to recent years has been arrested.

Furthermore, earnings per share, adjusted for bonus issues or increased share capital, have increased by 3.8 cents to 55.0 cents, Issued capital at the year end had increased by 55 per cent over the previous year. An important indicator of the Group's performance is the increase in consolidated profit before tax. Excluding abnormal items but including provisions for bad and doubtful debts, we achieved an increase of 40 per cent. On an after-tax basis, this translates to a 22.1 per cent increase in Group operating profit.

Another important measure of performance is the increase of almost 21 per cent. in total income. This is well above the 15 per cent increase in costs.

We are currently reviewing our policy on dividend payouts and you will be advised of the Board's proposals before next year's interim dividend is declared.



The task for the Board is to ensure that whatever is done has the effect of maximising returns to shareholders whilst at the same time ensuring the impact on retained earnings is not detrimental to the Group.

The question of issuing different classes of shares with different rates of dividends is being examined and a sampling of shareholders' opinions will be obtained. Abnormal Items,

There have been a number of comments in the media about the effects of the abnormal items on this year's profit result. The fact of the matter is that we had no option but to adopt the course that we did. During the year, the Bank offered eligible staff an opportunity to transfer to or join a new pension accumulation fund. Over 99 per cent of our staff volunteered to transfer to this new fund.

found that the Bank had, over the years. made significantly higher contributions to the old scheme under actuarial advice than is now found to have been necessary. Under the rules of the original fund,

When this situation crystallized it was

any surplus was required to be transferred back to the Group. We treated the \$158 million after tax as

an abnormal credit, and balanced a out by charging against it an equivalent amount as an abnormal provision for bad and Provisions for Debt.

ANZ is in a strong position with the present level of its provisions. We have an exposure 10 22 debt rescheduled countries of about \$1.5 billion. Our provisions against this now amount to 31 per cent of

all the relevant exposures on a future tax benefit basis. Furthermore, these exposures represent only 2.3 per cent of total Group assets which compares very favourably with leading UK and US banks.

The real problem facing ANZ - and other banks for that matter - is not the level of exposure that we have to these countries. but the much higher level of exposures held by other major international banks.

We have daily inter-bank dealings amounting to billions of dollars and if any one of the banks we deal with had problems with foreign debt, we would feel the

Interdependency is such that a bank cannot isolate itself from these risks without withdrawing from the business of banking. Effects of Stockmarket Crast We are confident that ANZ will not

incur a major adverse effect as a result of the stockmarket crash, although we have review of all exposures has revealed that ANZ's prudent lending policy has given us the protection we had anticipated. We believe that our shares are grossly

undervalued at present, and we hope that as the readjustment of stock values globally takes place we shall see a restoration of ANZ share price to its true value relative to other stocks. We are still the same Company that use

were before the crash - efficient and profitable - and this must ensure sooner or later a return to a fairly valued stock. Much of what was the original

Grindlays Bank has now been absorbed into ANZ, not only in name but also into the balance sheet.

Overall, almost every sector of the Group's business achieved increases in profit performance and this includes the former Grindlays operations. The underlying Grindlays entity

results showed significant improvement and this continues into the current year. Changes in Composition of the Group. Changes will be continuous as we

constantly adapt our operations throughout the world to try to ensure the most profitable organisation in the interests of our hareholders. We divested two business interests

this year - Metropolitan Life Assurance . Company of New Zealand and ANZ Finance Limited in the United Kingdom. Their future could not be reconciled with ANZ's strategic aims.

We also commenced the final stages of a major rationalisation of our London operations. Divestments and rationalisations are often counter-balanced with acquisitions.

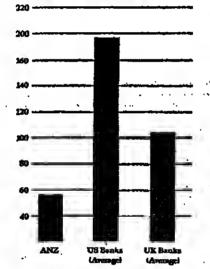
During 1987 we completed our 100 per cent acquisition of stockbrokers McCaughan Dyson which is providing current and potential value to the Group. Board/Management Changes. Mr. A. J. O. Ritchie retired from the

ANZ and other Group boards on 30 November. He gave distinguished service to the Group from the time of the Grindlays acquisition. During the year we were saddened by the death of Sir James McNeill

- a Director of the Group until 1986 and Chairman of our International Board of Advice. He will be succeeded as Chairman

of this Advisory Board by that distinguished world figure Lord Carrington when his term of office as Secretary General of NATO ends on 30 June next.

Debts to troubled countries as % of shareholders' funds.



Mr R. B. Vaughan, Chairman and Managing Director of the Dalgety Company in Australia, accepted our invitation to join the Group Board. These arrangements . were concluded too late to include a resolution for shareholders to confirm his appointment at this meeting.

ANZ Prospects in 1988. We have given full weight to the effects. as far as we have been able to assess them, of the October stockmarket crash. We have also accepted that there will be some slow down in world demand,

However, we do not anticipate a major world recession in 1988 nor a currency collapse nor a widespread repudiation of their debts by the LDCs nor the occurrence of a major bad debt or series of bad debts by ANZ. Naturally any one of those happenings would of course serve to diminish our present expectation of results.



After three months operations in the current year, profits are ahead of last year's by a pleasing margin, and shead of our budgets. Revenues continue to increase at a faster rate than costs.

Directors believe that shareholders can. expect, in the absence of major changes in the global or local economies, a pleasing result for 1987/88.

Securities offices link

Wood Mackenzie are to be inte-grated with those of County Securities. The move is a first zie's New

THE US and Japanese offices of staff of 100 in its Tokyo securi-

Wood Mackenzie are to be integrated with those of County Securities. The move is a first step in the amalgamation of the two UK securities firms, which officially merge on Monday.

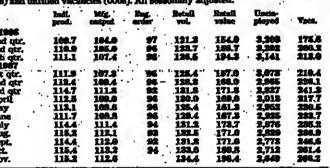
Further moves to rationalise operations are expected soon.

About half the 12 employees in Wood Mackenzie's Tokyo office will be repatriated or placed elsewhere in the County Securities offices. County has a firms,

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UK ECONOMIC INDICATORS



ring output, metal manufacture ing starts (000s, monthly average 102.9 104.6 108.7 105.0 106.0 110.8 109.0 109.0

EXTERNAL TRADE-Indices of export and import balance; current balance (£m); oil balance (£m); 136.0 136.3 180.7 154.2 132.4 120.0 134.6 134.6 132.4 136.1 -1,125 -9,262 -9,048 -1,107 -748 -925 -1,507 -617 -802 -1,196 +572 -659 -1,146 -532 -174 -391 -572 +17 -832 -506 138.3 140.7 151.0 144.8 139.1 147.8 155.1 156.1 140.1 138.5

+294 +234 +241 +296 +412 +408 +173

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ANZ Group

Complaint against arbitrators fails

BANK MELLAT V

GAA DEVELOPMENT

CONSTRUCTION COMPANY
Queem's Bench Division
(Commercial Court):

Mr Justice Steyn:
January 12 1888

MAJORITY ARRITRATORS
who are required by the TOC
Court to elaborate on (Deat related to elaborate on the relation of sequently appointed chairnot on change) reasons in
1986; Jasting nine working
salescondact in discliding to convenie a meeting with the
dissenting arbitrator of the arbitration and the intera further meeting would be time-wasting, and if he is invited to construct on the
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On March 25 the draft majority and the proper law of the ground that the majority award was fon the proper law of the ground that the majority award was fon the proper law of the proper law of the proper law of the p

Mr Justice Steyn so held when dismissing an application by Bank Mellat to set aside a majority arbitration award on the ground of misconduct, and the ground of misconduct, and granting an application by GAA Development Construction Co for summary enforcement of the award against the bank. HIS LORDSHIP said that by a contract made in August 1975 between GAA and Bank Omran, GAA agreed to buy land near Tehran from the bank and to build apartments. The bank was to receive the price of the land and 15 per cent of the mo-

was to receive the price of the land and 15 per cent of the proceeds of sale of the apartments.

GAA was a Liechtenstein company, beneficially owned by Israeli interests. Bank Omran was Iranian, and was merged into Bank Mellat by expropriation in the post revolutionary period.

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COMMERCIAL PROPERTY

but sent it back for reconsidera-tion, asking for strengthened motivation of two issues.

All three arbitrators received the communication, Mr Djah-romi was in a position to com-municate his views to his co-ar-bitrators by letter or telex. Instead he asked the chairman

In the real world of internaitinal commercial arbitration arbitration.

The ICC Court had no judicial function, but supervised the application of ICC rules by arbitrators. It scrutinized that the chairman should have awards, paying particular attention to form and the mandatory rules of the place of arbitration, without affecting the decision.

The ICC Court did not approve the majority award, but sent it back for reconsideration, asking for strengthened motivation of two issues.

All three arbitrators received the communication. Mr Djah-

land and 15 per cent of the proceeds of sale of the apartments.

GAA was a Lichtenstein by the communication. Mr. Djahry period.

Clause 11 of the contract provided that in case of force anglesses the parties should be reasons had merely been elaborated on, not changed, and should seek to reach agreement on an equitable solution. If they were mable to do so either party might refer the majority, and the suiter to arbitration of the invitation.

Disputes were to be settled by three arbitrations in London in accordance with the rules of conciliation and arbitration of the invitation.

Disputes were to be settled by three arbitrations in London in accordance with the rules of construction commenced in March 1977. In November 1978 work ceased on site. The lapping the chairman in the comment of the saward under section 26(1) of the contract was Iranian law.

Gonstruction commenced in March 1977. In November 1978 work ceased on site. The lapping the particular of the contract was Iranian law.

Gonstruction commenced in March 1977. In November 1978 work ceased on site. The Islamic revolution took place and the project was dooned.

In June 1979. GAA gave the bank molecular provincing law of the contract was Iranian law.

The proper interpretation of the force independent of the political project was dooned.

The proper interpretation of the first the communication is also also as a part of the dispositive provisions involved a re-writing of the interpretation of the contract was Iranian law.

Gonstruction commenced in March 1977. In November 1978 work ceased on site. The Islamic revolution took place and the project was forced by the majority was discussed in a contract, which was not available as a matter of Judgments, For subscription of the force independent of the contract, which was not available as a matter of Judgments, For subscription of the force independent of the full provided

The application was dismissed.

Vance was that the currency should not be in rivals.

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Elandsrand Gold Mining Company Limited (Registration No. 74/01477/06) 11 45 cents The South African Land & Exploration Company Limited (Registration No. 01/01879/06) 93 35 cents Vaai Reefs Exploration and

Mining Company Limited (Registration No. 05/17354/06) 950 cents Western Deep Levels Limited (Registration No. 57/02349/06) 210 cents" Per ordinary and S ordinary share

Last day to register for dividends (and for changes of address or dividend instructions) Friday February 5

Registers closed from to (inclusive) Saturday, February 6 Saturday, February 20 Ex-dividend on Johannesburg and London stock exchanges Monday February 8

Currency conversion date for sterling payments to shareholders paid from London Monday February 8 Dividend warrants posted Thursday, March 10

Payment date of dividends Friday March 11 Rate of non-resident shareholders' tax 15 per cent Holders of share warrants to bearer issued by The South African Land

& Exploration Company Limited are notified that the dividend is payable on or after Friday March 11 1988, to persons lodging their share warrants to bearer and talons at the office of the United Kingdom transfer secretaries, Hill Samuel Registrars Limited, 6 Greencoat Place, London, SWIP 1PL

The full conditions relating to the dividends may be inspected at the Johannesburg and London offices of the company and the transfer

By order of the boards Anglo American Corporation of South Africa Limited

per: C R Bull, Senior Divisional Secretary Thansfer Secretaries Consolidated Share Registrars Limited Consordated State Regis First Floor, Edura 40 Commissioner Street Johannesburg 2001 (P.O. Box 61051 Marshalltown 2107) and Hill Samuel Registrars Limited 6 Greencoat Place London SWIP IPL

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A roundabout way to get to market

IT MIGHT seem crazy to be for consultation its draft regulations about a new market when there is still no certainty about the affects of the still no certainty about the affect of the still no certainty about a selection of the still no certainty about the still no certainty about the still no certainty about a selection of the still no certainty about the still no certainty about the still no certainty about a selection of the still no certainty about the still no certai equities collapse. But that is what is going on. The new market is for the

isting of single property schemes on the Stock Exchange. The talks are part of the regulatory merry-go-round, the effort to provide a framework of investor protection without frightening off those with single property vehicles to bring to the market.

These vehicles could be single asset property companies, single property ownership trusts or property income certificates: a Sapco, a Spot or a

The market has appeared ready for launching but has not reached the starting point. Three sets of regulations reading the same way," says Tim Simon, of Savills, the surveying practice which is a member of the committee.

going round and round.
Talks between the property
people behiod the different instruments on offer and the Stock Exchange, which were concluded last year, are now belog repeated with the Department of Trade and lodustry and the Securities

and Investments Board.
It is unfortunate that the Stock Exchange, the body at the bottom of the regulatory pile, came oot with its listing

Now the DTI has published

tive investment scheme, and for trust based schemes. The SIB has come out with its own draft and invited the Stock Exchange to bring its listing requirements into line.

The Stock Exchange listing

the support of the property industry – that is, representa-tives of the Barkshire Com-mittee, promoting Sapco and Spot, and the Pincs Associatioo. Investment companies, developers, banks, lawyers and surveyors are repre-sented on both bodies. But the DTI's and SIB's

draft regulations do oot reflect a similar dialogue, adding to the liaison problem. "It is difficult to get three lots

There are two general points: the first is that the DTI and SIB regulations are detailed. It is a moot point flexible enough to allow new instruments to emerge to reflect different criteria of ity is a must because, as Paul Walker of Lawrence Graham, the lawyers, says, "changing the law is difficult and

concerns within the industry about the draft regulations Property people argue that if the Stock Exchange has to mirror the SIB, it loses the ability to permit a degree of discretion in the detail that will be necessary in the annual report of a single property scheme over, say, future expenditure. The reporting burdeo, therefore, becomes more onerous.

'It is difficult to get three lots of regulations reading a property. the same way'

The concerns have in common the thought that the reg-ulators are belog too heavy-handed and are making more stringent demands of single property schemes than whether the drafting has been are made of companies. Four stand out: two from the DTL two from the SIB.

The DTI has stated that, for investor protection or a the collective and trust changing tax regime. Flexibil-schemes (not the Sapcos), borrowing should be confined to three times the annual rental income. The aim is to ensure that jovestors do not get stranded with a burden of liatime-consuming". stranded with a burden of lia-The second is that the Stock bilities from the vendors to

the SIB regulations.

This leads into a series of never been seco as gearer investments, but it would bear on Pincs. Such a level of borrowing would not consti-tute much more than working capital and it appears to reject the possibility that

gearing might be appropriate for a refurbishment. Paul Rivlin of County Natwest, a sponsor member of the Pincs Association, argues that companies run with gearing, and property schemes should also be allowed to. "If we do have to have a limit, let's have a sensible limit. But we don't want a limit." His idea of a sensible limit would be 75 per cent of the value of

Another problem for the industry io the DTI regulations is the power given to investors over major decisions - borrowing, refurbishment, disposals - at the expense of the original owners of the property. The assumption is that the vendors of any property to the market would ep a stake in it.

If a vendor keeps 20 per cent, than that vendor should be able to vote for 20 per cent. of the units at meetings, Mr Rivlin says. As Mr Walker put "investors and vendors should be treated alike", as joint participants, without investors being singled out for special protection.

the demand for future esti-mates of rental value to be made at the end of the accounting period and con-tained in the annual report. It is argued that this could cut into rent review negotiations spanning the end of the finan-

the operators of a scheme be put in the position of publicly disclosing their negotiating position with a tenant? Mr Walker says there ehould be an escape clause so "you don't have to disclose when it is

building is also required. It is not clear how this can sit with a publicly traded prop-erty stock, where the market

The next SIB issue concerns the demand for an annual structural survey. The Stock Exchange listing requirements had wanted one every three

Industry people argue that a yearly survey is quite unnecessary. Normal practice is for a structural survey to be done when a building changes hands or during preparations for refurbishment or redevelopment. Most tenancy ments, in any case, make the leaseholder responsible The first problem springing for repairs.

Why, asks Mr Simon, should ercially sensitive to do

is settling the value of the building through the prices at which the units in it are traded



Careful timing will be the key

WHEN ALL the regulations have been settled, the sponsors of the different property schemes will need to consider the tim-ing of their first issues.

The Pincs Association was poised to come to the market with three issues last October, but was frightened by the possible effect of the DTI regula-tions. Then the equity crash killed off any linger ing hopes of a launch

The latest newsletter of the Pincs Association seems to rule out any early decisions on a

launch: "Until the extent of the reaction (to the equity market fall) is known, the valuation of a property for unitisation and the pricing of Pines will be more difficult. We shall need a stable market

for the successful flota-tion of the first Pinca."

From the etart, the Pincs Association and the Barkshire Committee have acknowledged that the timing of the first issues is critical, because if the new market did not take hold then the chance of bringing new liquidity to the property market could

There is a belief that new issuee have only a limited chance of success because market confi-dence has been knocked.

that, since equities are not the havens they used to be, the solidity of property becomes more attractive, especially when new investment in it can readily betraded. That is certainly the view in Bel-gium where there have been new unitised prop-erty issues placed on the market since October.

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Why Mandelli taught itself a lesson

Learning from European customers, the Italian group developed flexible manufacturing systems. Alan Friedman reports

CAN A MODEST-SIZED and family-owned Italian machine tools company turn itself in a very few years into a supplier of one of the world's most advanced flexible manufac-

turing systems? For Mandelli of Piacenza in Lombardy, some 30 miles south of Milan, the answer is yes. The company, which has opened subsidiary offices in France, West Germany, Sweden and the US, has followed an aggressive policy of heavy research spending and developed a sales strategy that has won it major orders throughout Europe and the US. Today the company can claim to have sold and installed 26 of the estimated 280 FMS factory antomation. systems in place in industria-lised nations.

The same of the sa

ಾ (ಪಾ

The story of Mandelli bears ing and of treating Europe as a whole as its immediate mar-ket. It is also an example of a company that has spotted trends in manufacturing and has pursued them in many European markets which have been traditionally treated by the West Germans

as their own back-yard.
The 52-year-old Giancarlo
Mandelli, a soft-spoken indus-The 52-year-old Giancarlo They only paid us after sev-Mandelli, a soft-spoken induseral months, when they were trialist who recently com-pleted a long-desired degree worked. pleted a long-desired degree in political economy, recalls with pride that his father founded the company in 1932 as a precision engineering firm that sought to become a sub-contractor for big manufacturers. Mandelli and his two brothers - both of whom work on the technical side of the business – joined the family business in the 1950s machine tools association in
with the goal of bringing our
name to the attention of the

In 1975, making use of a

name to the attention of the wider world."

In 1967 Mandelli launched

Mandelli, decided to build its its first machine tool, built own computer-based numeriwith a numerical control sys- cal control system to accomtem, at a trade fair in Milan. pany the FMS modules it was At the time the company had designing. Three years later, in 1978, Mandelli changed the at Piacenza, sales of less than Libn and no clients outside



were spending a lot of money on producing machining cen-tres, but we did not know who to sell to. We had no references and no track record,"

Mandelli recounts.
The company decided to hire agents in Zurich, Switzerland, and in Gothenberg, Sweden. These two foreign markets were chosen because telling because it exemplifies Switzerland was geographi-the rewards of forward think-cally near italy and because cally near italy and because both the Swiss and Swedish markets were demanding mar-kets for precision machinery.

Mandelli thought he could "learn as well as sell."

The Mandelli family decided itself to finance a programme in which it gave its machining centres to companies - such as Volvo - on a trial basis.

worked."
Mandelli says that in 1972
he realised that the machining
centres might serve as modules for a larger and inte-grated system, which today is known as FMS. They were always very advanced in their thinking and unafraid to spend on research," says an official at UCIMU, the Italian

company's raison d'etre, from "building machine tools that could be carried on a truck to occurred which changed Man-delli's destiny. The first was that Amada, a Japanesc machine tool company with 6,000 employees (more than ten times the size of Mandelli's staff), came to see the lit-tle company in Piacenza and ended up paying \$2m for licences to use Mandelli's home grown technology in the

production of multi-purpose modules. Then, with persistent problems in the West German market ("our clients liked our products, but they wanted guarantees on delivery and servicing in the local language"), Mandelli invested in hiring ten people to open a European sales subsidiary in Wiesbaden, Mandelli International Gmbh. production of multi-purpose

The Japanese Interest proved to Mandelli that it was onto a solid technology, and the German office began winthe German office began win-ning orders in a big way. By 1983 around 40 per cent of sales were non-Italian; this is now up to 58 per cent. Other foreign offices followed, because, as Mandelli puts it, "we realised that if you are going to make an impact in a. Joreign market you have to establish a direct physical presence and deal in their language, their culture and their

"We opened in Wiesbaden eight years ago because Ger-many is at the centre of the European market and because Germany has a more sophisticated financial system than Italy and we needed interna-tional trade finance. We believed then and do even more now in the need to get away from a local mentality and prepare for 1992. Germany helped us to do that," Mandelli explains.

Spending on research is the second pillar of Mandelli's strategy. At present some 115 people work on R&D and this year more than 10 per cent of the company's expected LI20ba of turnover will go to

To help finance the growth, the Mandelli family has (rather unusually) allowed a



THE	GROV	TH OF	MAND		
	1983	1984	1985	1986	1987
Sales Operating profit	Lbn 38.96 0.1	Lbn 57.01 0.2	Lbn 65.12 0.9	Lbn 90.30 3.1	Lbn 120.00 6.0
Exports (% of sales)	40.2	42.5	38.0	58.9	58.0
No. of employees	613	616	646	726	780
			Not	a: 1967 figur	es are forece

adds Mandelli, noting that 1987 marks the third year of a fully consolidated and externally andited balance

Earlier this year Mandelli ing the computerised factory.
Aside from the IBM venture
(which sees the US giant with 49 per cent of control), Man-delli has also taken advantage of Italian government finan-cial incentives to join three partners and launch HITEC, a

south of Italy. The non-Italian achievements of which Mandelli is most proud include a recently won \$20m order from Volvo to supply what will be one of engines a year for Volvo sta-

research company in the

tion wagons.

its equity. "We hope to come to the stock exchange when market conditions improve," Rensult and Aerospatiale in France, Deere & Co in the US, Steyr in West Germany, and Sasb in Sweden.

faction for Mandelli comes from having supplied an FMS to the legendary Ferrari luxalso began a venture with ury car company. Ferrari is IBM's Italian subsidiary in which the US giant and the Piacenza family firm will conduct research simed at realisation also among the most advanced in the world.

The Italian press trumpeted Mandelii's achievement in beating Fiat for a contract to supply a Fiat subsidiary and Enzo Ferrari bestowed one of his Testarossa models on Giancarlo Mandelli as a sign

of his appreciation.

Meanwhile, Mandelli
repeats that for his company d others in Europe the key is "to identify strategic mar-kets outside of your domestic base and then place people on the world's largest FMS the ground in those markets." installations to date, a system it sounds simple enough, but that will help produce 50,000 in the battle for a Europewide market there are not yet enough Mandellis.

Other foreign orders have This article concludes this come from Rolls-Royce, which has bought a Mandelli system appeared on October 14, 21, Italy. could be carried on a truck to (rather unusually) allowed a has bought a Mandelli system opposited on October 14, 21, If on predators seeking to In the early 1970s Mandelli a factory to supplying and merchant banking subsidiary for its nuclear engine plant in 29, November 2, 13, 18, 25, had serious problems in sell-servicing full systems. Of the Banca Nazionale del Miami, Florida. Mandelli has December 2, 7, 16, 21 and ing its products abroad. We By 1979 two things had Lavoro to buy 10 per cent of also done FMS business with January 18.

Training

A different materials handling

New skills will be needed to deal with the developments from current technology. Charles Leadbeater reports

presented to a recent Manpower Services Commission seminar. They argue that the use of information technology will not be the only way to transform industry's skill needs in the next decade: new development of new materials, such as fine ceramics, and biotechnology - the process by which it may be possible to produce, among other things, the blue tulip - could also have far-reaching implications for training of information technology and microelec
The germanium transistor sixely needs to fine the next decade: new developments in information technology and microelec
sets of new materials are blockemistry, blology, microbiology, genetics, and bioprocess engineering, and applies to a range of industries from agriculture and environmental control to health-care and pharmaceuticals.

Most key biotechnology workers are rarely regarded as specialists until they have completed several years post-doctoral many developments in information tenchnology can be traced back to the development of skilled blotechnologists will take several years to achieve, by which time the character of the industry could have

materials based on biotech-nology could be the basis of come from superconducting a transformation of skill ceramics.

He continued: "One could ment, Brady argued. One of argue that one of the reasons for the failure of British industry to gain the benful potential of new materials of lnformation als for the innovation of

technology and microelec-tronics has been fairly ther-it was more compact and oughly examined, the impli-cations of these other lonic valves. The develop-technologies has been ment of silicon semiconduc-tor material paved the way But as Brady warned: "It for the economic production is possible that in the next of integrated circuits. century new materials and Future developments in

needs as extensive as that
needs as extensive as that
now being experienced in materials will not only
relation to information require greater investment
technology.*

in research and developtechnology has been a lack new products and processes Report is and of adequately skilled and will require completely Waring, MS trained manpower. It would restructured products and Rooom W425, be sad to read in 20 years' production processes rather field S1 4PQ.

WHAT SKILLS will be time that a similar shortage needed to produce the clussive bluc tulip?

Indirectly this is the questing the economic advantion posed by Tim Brady, tages of new materials technology will tages of new materials technologies."

According to Brady, four presented to a recent Mansower Services Commission likely to have important than simple substitution of the meaning importance of blotechnology will increasingly demand interdisciplinary skills, according to Brady, four presented to a recent Mansower Services Commission likely to have important than simple substitution of the meaning to prevented the UK from gain the meaning importance of blotechnology will increasingly demand interdisciplinary skills, according to Brady, four prevented to a recent Mansow materials are blockemistry, blology, where the prevented the UK from gain the meaning importance of blotechnology will increasingly demand interdisciplinary skills, according to prevented the UK from gain the waterial for old.

The growing importance of blotechnology will increasingly demand interdisciplinary skills, according to Pearson. It embraces blockemistry, blology, where the uk is the prevented the UK from gain the waterial for old.

The growing importance of blotechnology will increasingly demand interdisciplinary skills, according to Pearson.

the industry could have changed markedly. But, Pearson warns, on current trends there is little likelihood that the skill shortages faced by Britain's relatively small biotechnol-ogy industry will be elimi-nated.

The demographic downturn, combined with tight resources in higher educative salaries and working conditions in industry, espethe supply of post-doctoral blotechnologists is unlikely

Skills Needs For Technological Innovation, MSC Seminar Waring, MSC Skills Unit, Rooom W425, Moorfoot, Shef-

Management abstracts

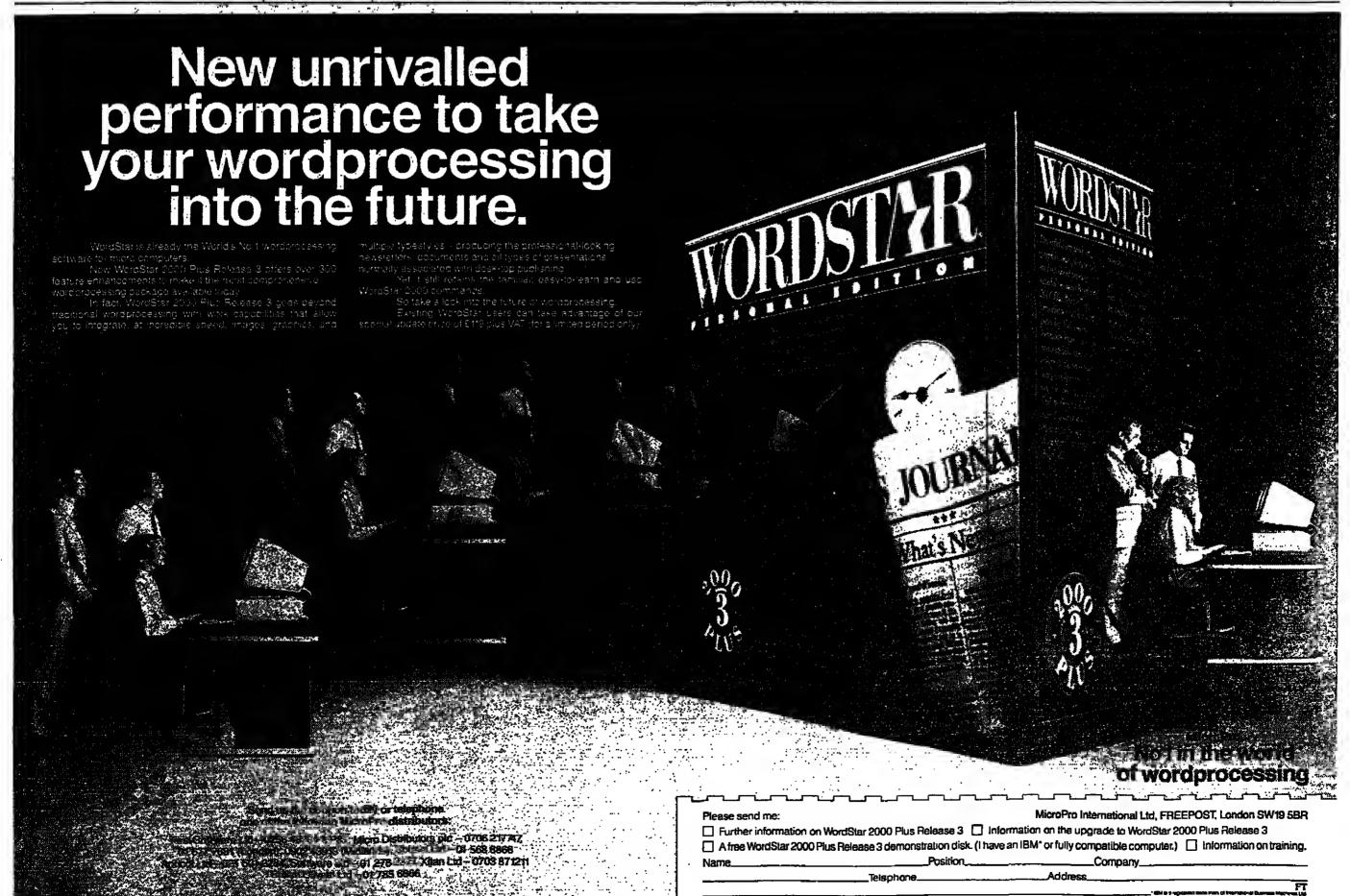
Protecting your pension fund from predators. P Bennett in Accountancy (UK),

Sept 87 (3 pages)
Considers that many pension schemes are over-funded and that this may canse nnwelcome takeover bids

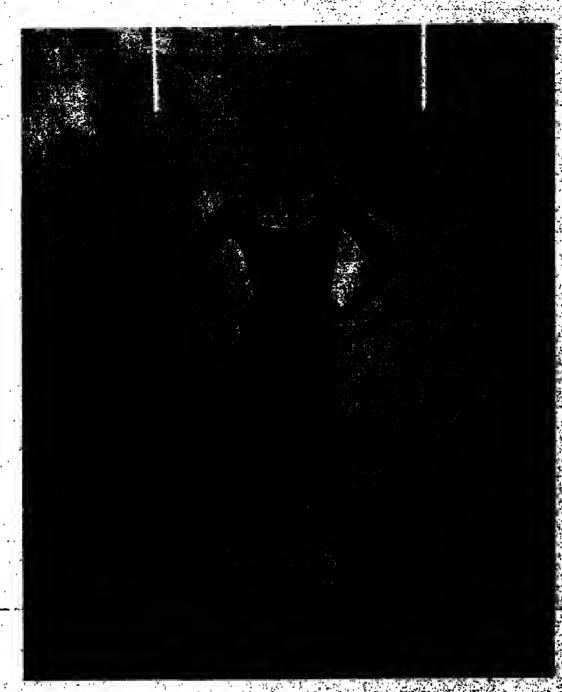
tancy Age (UK), 10 Sep 87, (2

Looks at external financial reporting, noting that the over-riding legal requirement is that accounts give a true particularly in the areas of bad debt provision, stock valuation, and contingent liabilities. Contrasts the approaches of the US and UK accounting

Defining 'true and fair' authorities - the former boundaries is a matter of issues comprehensive stanopinion. B Nixon in Accoundards on the basis of legislatdards on the basis of legislat-ing for "scoundrels", the latroom for discretion. Believes that the optimum point lies between the two; argues that and fair view; contends that manipulate financial state-opinions as to what is true ments are increasing.



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opment of domotique in Europe is the definition of a

home networks in Europe.
The industrial partners in

are further promoting collab-oration by boilding in the

Paris suburbs of Saint-Remyles-Chevreuse an experimen-

tal centre for the home of the

future. Construction is due to

The Paris domotique confer-

ence attracted about 600 par-

But next year the confer-

ence will focus not only on intelligent homes but also on

Home smart home

France takes initiative on intelligent dwellings. Paul Betts reports

AFTER Informatique, Robotique, Productique, and Bureautique a new "tique" has entered French technology jargon — Domotique. The newly coined word, as its Latin root and high "tique" suffix suggest, refers to the new technologies of the home of the future. in most other western coun-

In most other western countries, these new technologies of the home are usually grouped together under the simple heading of "home automation". But the French insist there is a big difference between home antomation and domotique, as the promoters of the French concent and domotique, as the pro-moters of the French concept were at great leogth to explain during the first Euro-pean conference on domoti-que, or the intelligent home, held recently in the new Cite des Sciences et de L'Industrie in Paris. in Paris.

"Domotique is not just home automation. It refers to the wider concept of the intelligent home, covering the inte-gration and interactivity of all the various aspects and services. This is why we dis-tingulsh in France between domotique and the Anglo-Saxon term home automation," explains Bruno de Latoor, president of the French association for the French association for the The idea is that, by then, viding one way to offset the year home of the future APMF increasing numbers of consuproblems of increasingly The (Association Pour les Maisons mers will want to enhance the mature markets like microence du Futur).

major new technology market for the 1990s and beyond. "The stakes are high," says de Latour, "and they go well beyond France."

shows that the intelligent home market lo the US, Japan, France, West Germany and the UK could total about \$7bu in 1990 and grow to \$12bn by 1995. "During the last decade of this century, the market is expected to total FFr25bn in France and FFr125bn in Europe," says de

Although these forecasts must be treated with caution since domotique is still in its infancy, most professionals of the building sector as well as of the communications, home appliances, data processing



du Futur).

Convenience; security and electronics and consumer electronics is seeking to take efficiency of their homes by tronics. Between 1981-86, the lead in what it considers a merging the various appli- Japan invested the equivalent ances and equipment into an of around FFr500m in integrated network. Such a research in this field, accordsystem would not only enable them to control anything from anywhere in the hoose but.

sions. And it would also cover new external services provided by broadcast, satellite and cable television, as well are time Europe did

ing to the APMF.

The Americans have also A study prepared for the also, if necessary, from the paris domotique conference office, the holiday home or a hy Mackintosh Consultants car.

A study prepared for the also, if necessary, from the years ago the US launched a project called "Smart House", project called "Smart House", while the country's electronic The concept would embrace existing facilities of a bouse, ranging from the central heating system; to the audio, video, home computer equipment, the security system and the telephone and its extendent was held in Dallas two years ago. The following year it was the turn of the Japanese to ago. The following year it was the turn of the Japanese to organise an international con-

AUTOMATED SCREENING of hundreds of novel ceramic materials for evidence of high-temperature supercouduction is to be undertaken by the UK's Atomic Research Centre at Harwell, as part of the work of a new British industrial research club. The club's research pro-

gramme will also systemati-cally test the recent Japanese discovery that nuclear radiation can greatly enhance the superconducting properties of ceramics.

common European standard.
This is now being undertaken
by a group of seven European
electronics companies including Thorn EMI, GEC and Mullard of the UK, Electrolux of Six British companies - Air Products, BICC, Dowty, Ford of Britain, Johnson Matthey Sweden, Philips of the Neth-erlands, Siemens of West Germany and Thomson of France.
These companies have joined forces in a two-year Eureka project called Integrated Home Systems (IHS) to produce a common standard for also plans to work closely with two Coffeet University also plans to work closely with two Oxford University

departments, through research contracts. The club envisages spending the IHS project started work on the European bome net-work standard in 1986 and are planning the first demon-strations of their research at over \$2m on a three-year programme of research and test-ing, aimed at making commerelally useful materials and magnets. Most of the research will be done by the Harwell laboratories of the UK Atomic Energy Authority, which will the eod of this year. The Eureka home network scheme will also be relayed by EC technology projects including Esprit 2 and the RACE telecommunications programme. In France, promoters of intelligent home technology each industrial partner will

also carry out tests.

Chairman of the elub's rial previously tested. steering committee is to be Michael Tubbs, research director of BICC, which wants to become a supplier of start next month and the project many cape, wire and cable ect will be completed next for superconducting technol-

ogy. The UK Department of Trade and Industry is expecticipants from the electronic and bullding industries, including more than 150 from other European countries. This success has already led the conference organisers to ness research close in superdecide to hold a second Furn. decide to hold a second European conference on intelligent partners. The DTI says it will homes next January in Paris. tion pound for pound.

But Harwell - with experi-ence of founding 27 research the future market for large clubs - is wary of having too intelligent buildings. This reflects the recent interest internal competition. "It comshown by major French-based plieates management and construction and electronics takes our mind off the main groups, with a number of task," says Rou Sowden, comleading corporate names mercial director.

jumping into bed with each other to exploit this potentially significant new market.

The discovery by IBM scientists in Zurich nearly two years ago of superconduction and cable television, as well as interactive services like something, said de Latour at home banking or shopping, the opening of the Paris consupplied over the telecommunications network.

The French promoters of domotique believe that to mobilise companies and public opinion, but de Latour 1 BM France, and Bull, the public opinion, but de Latour 1 BM France, and Bull, the public opinion, but de Latour 2 IBM France, and Bull, the public opinion, but de Latour 3 Itality significant network.

During the last few months, in a novel ceramic containing Bouygues, the leading French barium, lanthanum and copper opened a new line of neering group, has forged a strategic alliance in the intelligent boilding sector with public opinion, but de Latour 1 IBM France, and Bull, the Image of the leading French barium, lanthanum and copper opened a new line of thinking about superconductors. Ceramics are normally classed as non-conductors — insulators. But this ceramic not only superconducted and other technological services industries expect the
market to start taking off in
nese have for some time seen
the intelligent home as pro
ward other technological services industries expect the
market to start taking off in
the intelligent home as pro
ward other technological serthous to see similar associathous to see similar associathous to see similar associathas reached a similar agreement with the Spie-Batiglt did so at a much higher
nolles construction company.

Harwell explores

routes - films, bulk, wire appropriate to the interests of the industrial partners, and using the most promising superconducting ceramic so far. super ceramics

BY DAVID FISHLOCK, SCIENCE EDITOR



Devid Livey (left), who runs Harwell's materials engineering centre, and flon Bullough, head of the materials science division, have mixed what they call a cocktall of scientific disciplines

It was classed as a "high-temperature" superconductor - one which lost its resistance at liquid nitrogen temperature (90 degrees K) or higher. The ultimate target of the hightemperature sopercooductor is to need no refrigeration at

The type of material iovestigated by IBM has serious technological shortcomings. But it affords hope that other novel formulations and crystal structures might overcom them. In particular, practical materials used to have much higher current-earrying capacity and be insensitive to magnetic fields. They also need to be less fragile to be useful in electro-technology.

Harwell's materials science division has an inventory of over 500 novel ceramics previously untested for superconduction. They were developed for other applications such as gas sensors, the subject of another British research club for the past five

vears. Harwell also bas a mechanical disadvantages, for example by making them less

toughen ceramics for use in

will be off to a fast start explore the recent Japanese because my commercial director authorised \$70,000 of bardment can enhance superpre-project funding," says conducting characteristics.
Ron Bullough, head of Harwell's materials science diviby researchers with Osaka slon. This was speculative spending which helped shape the programme submitted to the DT1 for funds fiually approved this week.

Bullough and David Livey, which the programme submitted to the DT1 for funds fiually approved this week.

Bullough and David Livey, which was a property of science of materials plans to the programme submitted to the progr

who runs Harwell's materials use its new nanoprobe facility engineering ceutre, have to pinpoint microscopic supermixed what they call a cocktail of scientific disciplines, ceramics, and measure electrical states of the scientific disciplines, ceramics, and measure electrical scientific disciplines. recruiting a dozen scientists cal properties at grain bound-from different Harwell labo-ratories to work half-time on The Clarendou Laboratory

ceramie fabrication technol-making unique superconduc-ogy, mostly needed for tor testing facilities, in mag-nuclear fuel. It includes robo-netic fields up to 23.5 Tesla, tic systems for shaping com- available to the club.

for components specified by

the partners.

the partners.
Testing of materials and components, as developed.
Applications development by the partners, using parts provided by Harwell.
Theoretical studies by Harwell, to provide a base for identifying better materials. • Experimental screening of known ceramics such as fer-

rates, niobates and stannates.

rates, niobates and stannates.

• Monitoriog and assessment of research progress worldwide.

The biggest single effort in this programme will be the screening of over 300 "electrical ceramics" already formulated at Harwell for superconduction. The technique has already been used successfully to identify the best

cessfully to identify the best ceramics for gas sensors. The plan is to make cylindrical samples which can be fed into an automatic instru-ment that will measure electrical conductivity between room temperature and that of liquid hellum. Harwell will also measure the Meissner (levitation) effect, character-

ughen ceramics for use in istle of a superconductor.
Samples will also be irradiated in a Harwell reactor, to

tbe programme.

Tbey can also moster a ment - will prepare samples remarkable armoury of for the nanoprobe, as well as

plex precision parts by plasma as praylug ceramlc powders; and laser, electronbeam and sputteriog techniques for preparing thin and thick films of ceramics.

The lase care Pullbands is available to the club. Ownership of intellectual property from this research is defined by an agreement between the UKAEA and clob partners. Discoverles and inventions made at Harwell long-standing research effort The Idea, says Bullough, is will be owned by the UKAEA on engineering eeramies, to progress from Initial but partners will be entitled aimed at minimislog the emphasis on materials science to an "irrevocable royaltyand technology to component free non-assignable licence". aod applications develop- Discoveries arising from work fragile by fibre reinforcement. The main thrusts of in a partner's laboratory will ment. It has a contract their programme will be:

research programme to Establish fabrication ner.

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NOTICE OF REDEMPTION

To the Holders of

United Mexican States

10% External Bonds due February 15, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Manufacturers Hanover Trust Company, as Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date. The Bonds to be redeemed which have been drawn by lot by Manufacturers Hanover Trust Company, Registrar, are as follows:

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Nymbs	-	Amount	Phu	THE IS	Amount	Mar	ations.	Amount	Nhyu	-bers	Amount
FINE 103	4D	\$ 1,000	AU	6792	\$ 1,000	RU	5026		RU		\$ 8,000
PIME 103		1,000	RU	5794	1,000	RU	5929		RU	6072	48,000
PME 108	54	1,000	RU	5795	4,000	RU	5930	25,000	RU	6060	1.000
POME 100	55	1,000	RU	5796	1,000	RU	5931	25,000	RU	6061	1,000
PIME 106	57	1,000	AU	5803	2,000	RU	5932	25,000	RU	6000	63,000
RME 108	58	1,000	RU	5804	3.000	RU	5933	25,000	RU	6116	3,000
RME 100	62	1,000	RU	5806	1,000	RU	5834		RU	6120	60,000
PIME 100	63	1.000	RU	5810	1.000	RU	5935	25,000	RU	6121	2,000
PIME 100	66	1,000	RU	5823	5,000	RU	5936		RU	6122	18,000
PIME 100	66	1,000	RU	5825	8,000	RU	5937	25,000	RU	6123	12.000
PIME 100		1,000	RU	5820	1,000	RU	5938	25,000	AU	6128	1,000
PLACE 106	20	1,000	RU	5829	1,000	RU	5839		RU	6129	2,000
PIME 100		1,000	RU	5835	1,000	RU	5940	25,000	RU	6134	25,000
	182	1,000	RU	5639	2,000	RU	5941	25,000	RVE	5009	1,000
RME 114	70	1,000	RU	5843	1,000	RU	5942	25,000	RVE	5188	1,000
	92	1,000	RU	5845	2,000	RU	5943	25,000	RVE	5270	
	50	8.000	RU	5852	3,000	RU	5961	5,000	RVE	5271	2,000
RU 55	75	3,000	RU	5056	1,000	RU	5965	2,000	RVE	5289	5,000
RU 57	25	21,000	RU	5859	1,000	RU	5971	8.000	RVE	5349	1,000 2,000
	30	2.000	RU	5555	2,000	RU	5873	6,000	RVE	5372	2,000
	31	1,000	RU	5867	1,000	RU	5975	3.000	RVE	5422	3,000
	32	8.000	RU	5874	1,000	RU	5984	25,000	RVE	5500	5,000
	33	1,000	RU	5575	1,000	RU	5685	8.000	RVE	5559	5,000
	34	1,000	AU	5876	1,000	RU	5080	3.000	RVE	5584	1,000
	25	1,000	RU	5877	2,000	RU	5996	2,000	RVE	5566	2,000
	35	2,000	RU	5885	3,000	RU	5097		RVE	5566	5,000
	37	1,000	RU	5912	25,000	AU	6007	18.000	AXE	5311	10,000
	43	1,000	RU RU	5913	25,000	RU	6006	2,000	RXE	5314	
	46	1,000	RU	5914	25,000	AU	6021	1,000	RXE	5324	10,000
	40	1,000	RU	5915 5916	25,000	RU	6026	2.000	RXE	5382	10,000
	50	1,000	RU	5917	2,000	RU	8042	50,000	RXE	5389 5434	10,000
	53	1,000	RU	5918	25,000	RU	8043	1,000	FIXE	5474	4,000 5,000
	54	1.000	RU	5019	25.000	RU	6044	2,000	FIXE	5489	7.000
RU 57	55	1,000	ŘŨ	5920	25,000	RU	6D48	14,000	RXE	5500	10,000
	61	1,000	ÄŬ	5821		RU	6052	5,000	POXE	5515	10,000
	63	1,000	RU	5922	25,000	RU	6053		RXE	5516	10,000
	85	1,000	ÃŬ	5823	25,000	RU	6056	5.000	AXE	5517	8,000
	68	1,000	RU	5824	25,000	RU	6057	3,000	RXE	5475	10,000
	8 1	1,000	RŬ	5925	25,000	RU	6061	1,000		J-13	*********
	82	1,000	ÄŬ	6026	25,000	Ru	6062	4,000			
	34	1,000 2,000	RU	5927	25,000	RU	8065	7.000			
								.,			

Interest on the Bonds or portions thereof to be so redeemed will cease to accrue on February Interest on the Bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paris, France, Mian, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached. The February 15, 1988 coupons should be detached and presented for payment in the usual manner. Upon surrender of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

Bondholders, both registered and coupon, when presenting Bonds to the New York

Office of the Paying Agent, should furnish the Paying Agent with their tax identification

Dated: January 15, 1988

numbers. This will avoid withholding of funds required by legislation. By: MANUFACTURERS HANOVER TRUST COMPANY, Registrar

Nijmegen, Vereeniging, Plano recital by Natalia Trul (Tue). Lieuwe Vieze, bass-baritone, accompanied by Relebert de Leeuw: Wagner, Busoni, Wolf, Haner (Thur). (22 11 00).

NEW YORK

NEW YORK

Cleveland Orchestra, Christoph was Dohnanyi conducting, Shemo Mintz violin, Neikrug, Mahler (Tue). Caruegie Hall, (247 7800). Eric Grossman violin recital. (IBM Gallery), Juliliard Concert programme includes Beethoven (Wed, 12.30). Free, 56th & Madison. Bageae Boadl, cello recital with Robert Schwartz plano. Bach, Debussy. Bobert Hall Lewis (world premiers), Braham (Mon); Hakan Rosengren clarinet recital with Budoif Stakeman piano. Posienc, Chausson, Debussy, Schwanni (Tue); Neil Buttman piano recital with Tony Eandell marrator. Faure, Lisst, Poulenc, Ravel (Thur). Merkin Hall (Goodman House), 57th w of Broadway, (362 8718).

Rouse). 67th w of Broadway. (362 8718).

Schubert's 190th birthday. A. 10year programme of the complete works of the composer begins on
Toesday, culminating at his bicentennial. Over 60 chumber works,
nine symphonies and operas,
songs, masses both known and
unknown will be performed (Ne,
Wed). Kaufmam Hall. 1395 Lexington Av. (831 8603).

New York Philharmonic (Avery
Fisher Hall). Erich Leinsdorf conducting, Rathleem Battle soprano,
John Aier tenor, Benjamin Luxon
baritone, New York Choral Artists
directed by Joseph Finnmerfet.
Haydn (Mon, Tue), Ghuseppe Sinopoli conducting, Philip Myers
hom. Scriabin, Mozart (Thur). Lincoln Cember (874 2424).

WASHINGTON

National Symphony (Concert Rail).

Each, Shostakovich (Tue); Mstislav Rostropovich conducting Beethoven, Parris, Sibelius (Thur).

Kennedy Center (254 3776).



Theatre

LONDON

The Rover (Mermind Theatre). Jer-emy Irons roisters into town in the RSC's Swan pruduction by Joha Barton of Aphra Beha'e roi-licking comedy. It plays in reper-toire with the Chernobyl nuclear reactor disaster play. Sarcopha-gus. It is an organt but clumsily crafted hospital drama which is set in a terminal radiation clinic as the first victims of the disaster are wheeled in. (235 5568/638 8891).

8891). A Man For All Seasons (Savoy The

A Man For All Seasons (Savoy Theatre). Charlton Heston begs au favourable comparison with Paul Scofield as Sir Thomas Mure in a leaden production of a play best left to amateure and schoolchildren. (836 8888).

Antony and Cleopatra (Olivier Theatre). Peter Hall'e best production for the National Theatre he will leaves later this year brings this great but notoriously difficult play to thrilling life. Jodi Dench and Anthony Hopkins are battle-scarred lovers on the brink of old age. Dench is angry, witty and

age. Dench is angry, witty and ultimately moving. (928-2252). The Phantom uf the Opera (Her Majesty'e Thestre). Spectacular Majesty'e Thestre). Spectacular emotionally accurations new musical by Aadrew Lluyd Webher emphasisiag the romance le Leroux'e 1911 novel. It all happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has takea over from Michael Crawford as the Phantom. (839 2244, CC379 6131/240 790n).

Follies (Shaftesbury Theatre). Stm-ning revival, directed by Mike Ockreet and designed by Maria Bjornsoe, of Soudheime 1971 musical in which poisoned marmusical in which poisoned marriages nearly oudermioe an old burlesque reusion in o doomed theatre. There are four new songs and an improved book by James Goldman. The cast is led by Doiores Gray, Julia McKenzie, Diana Rigg, Daniel Massey, All of whom are good. (379 5399). Serious Money (Wyndham's The-atre). Transfer from Royal Court of Caryl Churchill's slick City uf Caryl Churchill's slick City comedy fur champagne-swilliag yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but the new cast is deemed less good. (836 3028, CC 379 6585).

Small Family Business (Olivier Theatre, South Bank Complex). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to for-

greedy times, selling out to for-eigners and keeping it simulta-neously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

NEW YORK

Pences (46th Street). August Wilson hit a home-run, it won this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1960s, trying to improve their lot but dogged by his uwn failings, (221-1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot'e children's poetry set to trendy music is visually startling and choreographically feline. It is classic unly is the sense of a rather staid and over-blown idea of theatricality. (239 8262).

42nd Street (Majestic Theatre). An immodest celebration of the heyday of Brondwsy in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the sppropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert Theatre). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the genre of the musical with its backstage story in which the songs are a device which become auditions

geme of the musical with its backstage story in which the songs are
a device which become auditions
rather than emotions. (239 6200).

La Cage anx Folles (Palace Theatre). With some tuneful Jerry
Herman songs, Harvey Fierstein'e
adaptation of the original French
cinems film manages barely to
capture the feel of the sweet and
bilarious urigical between highkickleg and gaudy chorus oumbers. (787 2626).

I'm Not Rappaport (Booth The-

bers. (757 2626).

I'm Not Rappapert (Booth Theatre). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters oe Central Park benches who bicker upropriously about life pest, its present and its future. Helped along with a funny plot to match. (239 6200).

Les Miserables (Broadway Theces Miserables (Broadway The-atre). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majes-tic sweep of history and pathos

briags to Broadway lessons in pageantry and drama, if not strict adhereace to its original ninetecath ceutury literary source. (239 6200).

Starlight Expasses (Gershwin Theatre). Those who saw the original at the Victoris la Londou will barely recognise its American incarnation. The skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed popmusic and trumped-up silly plot (586 6510).

Me and My Girl (Marquis Theatre). Even if the plot turns on ironic mimicry of Pygnalion, this is no classic. The songs are forgettable and there is a dated leadenness in a stage full of characters. On the other hand it has proved to be a durable Broadway hit with its marvellous lead role fur an agile, engaging and deft actor preferably British. (947 0033).

WASHINGTON

WASHINGTON

Earleo IV (Arena). Pirandello's mys-tery of the man who Imagined himself as Emperor Henry IV of Cermany is staged by Zelda Fichandler. (488 3300). Eads Feb

CHICAGO

Paselua Play (Goodman). Peter Nichol's clever twinning uf the Nichol's clever twinning ut the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life is London. (443 3800). Ends Feb 13.

TOKYO

35 Steps (Aoyama Theatre). Song and dance with the Shiki Theatre Company which epecialises in musicals and which is celebrating its 35th anniversary this year.
The evening features 35 extracts,
one for each year, from past, present and future Shiki productions. They include excerpts from West Side Story to Phanton Of The Opera. (0120-489444). Ends Feb

21.

abuki (Kabuki-Za). Tokyo's main

Kabuki theatre is celebrating its
centenary with e year-long festival featuring perennial favourites
and new works. The morning programme this month includes Kanchinjo, where the plot revolves around a wily servant who out-wits his master's pursuers. The wits his master's pursuers. The afternoon programme has another popular piece, Sukeroku. Both plays are the property of the ichicawa family whose kabuki lineage dates back 250 years and features the current head of the family, Danjuro XI. There is excellent earnhone commentary in English.

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Tate Gallery. Turner in the new Clure Callery. The Turaer Bequest, which amounts to nearly 300 oil paintiags, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. The vulgar neodeco of the entrance hall has little to recommend it. But eight rooms for paintings and one for water-colours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan in on the wall.

PARIS

Zerbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Reversing the perspective, using geometrical compo-eiting eettlags and ehedding everything superfluous, the mysti-cal painter of the counter-refor-

Cubism. Grand Palats. (42560924). Ends April 11.
Galerie Odermatt-Cazeau. Maximilien Luce. Luminous and well-etructured, be adds realistle images from a working class universe to many uf the impressionist's themes uf the Seine, the Thames and Saint-Tropez. 85 bis, Rue du Faubuurg, Saint Honoré (4266 9258). Ends Jan 30.
Musée des Arts Decoratifs. More than e thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 18th Mexico and Russia carved by 18th mexico ann anissia carved by 18th century woodcutters or modern designers recreate the enchanted childhood world of villages and dolls, horses and trains. 107 Rue de Rivoli (42603214). Ends Feb 14.

14.

Grand Palais. Treasures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Austria, bear witaess to a luxury-loving civilisation which flourished in the Celtic universe, (42560924). Ends Feb 15.

WEST GERMANY

Munich, Villa Stuck, Pablo Picasso exhibition (on loan from the Han-over Sprengel Museum) displays around 300 paintings, drawings, graphic art prints from the artist's complete artistic range, span-ning cubism, classicism, and surre-alism, as well as Picasso's later

Feb 28.

Stuttgart, Galerie der Stadt. Max Ackermana (1887-1976). The 100th anniversary if his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schlossplatz 2. Ends Feb 21.

ITALY

Rome, Palazzo del Conservatori Campiduglia. Hidden Treasurs: The Imperial Silver Collection From Kaiserangst. An extraordinarily fine collection of silver tableware dating from 350 AD, hastily buried by two roman generals, Marcelliano and Romulo, wheu the Castrum Rauracense (the site of the modern village of Kaiserangst) un the northern perimeter of the troubled Roman Empire was threatened with barbarian lavasion. 254 pieces — weighing 37 kilograms uf 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 roman soldiers. There are delicately-curved, lung-handled spooms, some silver beakers (glass was already more fashionable), serving dishes — one splendid octagonal, and another rectangular, decorated with a charmingly improbable fish Ends Feb 14.

Bome, Palazzo Braschi. Aatonio Recalesti; namings 1966-1967. A improbable fish. Ends Feb 14.

Rome, Palazzo Braschl. Aatonio Recalcati: paintings 1960-1987. A dramatic group uf oils by an artist who burst on the Italian scene in the 1960s with e violently political series of abstract wastelands heavily stamped with the nuclear diearmament symbol. His soul-searching contioues with e group with a strong Francis Bacon influence, another of meticulously paieted rooms containing only guillotines, and ending with his most receot series of beguiling serenity, entitled After Storm, of coloured skies reflected on wet New York pavemeats (Recalcati has lived is New York for many years). Ends Jan 31.

WASHINGTON

(atloral Gallery. A centenary ret-rospective uf Georgio O'Keeffe includes 115 oil paiotings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers

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Art Institute. More than 80 draw-ings of early 19th-century archi-tect Friedrich Weinbrenner show his influence in rebuilding Karis-ruhe and Baden Baden as well as doing numerous commissions German royalty. Ends Feb 28.

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LONDON

Stephane GrappelH at his 80th birthday concert. With a guest appearance by Sir Yehudi Hemi-hin. Barbican Hall (Tue). (638 8897).
Sadellion String Quartet with Susan Tomes, piano and Chi-chi Nwanoku, double bass play Mozart, Frank Bridge and Schubert. Wigmore Hall. (935 2141).

PARIS

Basemble Intercontemporals conducted by Pater Eotvos, Sharon Cooper, Contraito: Nunes, Donatoni (Mon). Théâtre do Rond-Point. (42 56 70 80).

Maria Ewing recital, Geoffrey Parsons, pianu (Mon). Théâtre de l'Athenée. (47 42 67 27).

Paul Badura-Skoda at the piano playe Schumaan, Schubert, Haydn, Beethoven (Tun). Salle Gavean. (45 63 20 30).

Orchestre National de France conducted by Yuri Temirkanov, Radio France Chulr. Prokofiev'e Ivan The Terrible (Tue). Salle Pleyel. (45 61 06 30).

Charles Koechlin, his friends and groupe Vocal de France: Faure, Koechlin, Poulenc, Sauguet (Mon). Comédie des Champs Elysées. (47 23 36 27).

Manteh Phillianmonie Orchestra.

23 36 27). Munich Philharmonic Orchestra conducted by Sergiu Celibidache: Bruckner (Wed). Salle Pleyel. (45 Bruckner (Wed). Salle Pleyel. (45 61 06 30).

Munich Philharmonic Orchestra conducted by Sergin Celibiduche: Debussy, Wagner (Thur): Salle Pleyel. (45 61 06 30).

Michal Dalberto, piano recital (Wed). Théâtre des Champs Elysées. (47 23 36 27).

Ceclie Ousset, piano: Chopin, Debussy, Saint-Saens (Thur). Théâtre des Champs Elysées. (47 23 36 27).

Milan, Testro alla Scala. Gary Ber-

Opera and Ballet

PARIS

Paris Opéra. Orphée aux Enfers is coaducted by Lothar Zagrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoxy's production of Offenbach's joyous parody of Ghick. (47425750).

Carte Blanche (Opéra Comique). A ballet performance leaving a free hand and a star role to the opera's naisters, and seulntors.

paiaters and seulptors. (42960611). Jean-Claude Gallotta (Theatre de la Ville) with the group Emile Dubois Dance Cocteur Lambue

Dubois Dance Cocteur Lambne with Mexican undertones at the (42742277).

Magny Marin (Maison de la Culture). With the Lyons Opera Ballet an interpretation of Kurt Weill's and Bertold Brecht's The Seven Deadly Sins. Creteil. (42744422).

Georges Appaix (Théatre de la Bastille). Appaix choreographs his Creation around musicians, dancers and old cinema seats. (42744422).

NEW YORK

Metropolitan Opera (Opera House). Nello Santi conducts Luiss Miller in Nathaniel Merril's production with Silvia Mosca, Wolfgang Bren-del and Paul Plishka. James Levdel and Paul Plishka. James Lev-ine conducts Fabrizio Melano's production of Pelleas et Meliande with Frederica vun Stade, Anthony Rolfe Johnson-and-John Macurdy. Sir Peter Hall's produc-tion of Macbeth conducted by Giu-seppe Sinopoli features Eva Mar-ton, Renato Bruson and Samuel Ramey. Lincoln Center. (362

WASHINGTON

Washington Opera (Eisenhower). The Consul. Gian Carlo Menotti's 1950 Pulitzer-prize winning opera protesting against police states is directed by the composer. It per-forms in repertory with Gilbert and Sullivan's Ruddigore. Ken-

45 44). Groningsa, Costerpoort. The Pepin Wind Ensemble playa Mozart (Tue). (18 10 44). nedy Center. (254 2670). HMS Pinafere (Opera House). Brian Modonald's production stars Rom Moody and Meg Bussest. Kennedy Center. Ends Feb 6. (254 3770).

tini conducting Webern and Mahler (Mon). (80 91 25).
Forence, Testro Commusie. Yuri Ahronovitch conducting cellist Lynu Harrell, playing Frazzi, Schumann and Dwersk (Wed and Thur). (27 79 236).
Sousse, Auditorume vis. della Conciliazione. Lakas Foss conducting Carter and Prokoflev with pismist Alessandro de Luca. (Mon and Tue). (65 41 044).
Sousse, Testro Olimpico (Pizzas Gentile da Fabriano). Young Italian Soloists. Haydin, Paganini, Beethoven and Hummel (Wed). (39 38 04).

04).

osse, Oratorio del Gonfalone (Via del Gonfalone 32A). Flamtist Carlo Tamponi with the Gonfalone Chamber Orchestra: Galuppi, Boccherini, Bach and Haydn (Thur). (68 75 252).

NETHERLANDS

musterdam, Concertgebouw. Piano recital by Vladimir Ashlicenary: Schumann, Chopin (Wed). Recital Hall: Schubert piano duets by Angels Schouten and Henk Ekkel (tue). The Raoul Dufy Quartet and soloists play Brahms (Thur). (71 83 45).

(u.e.) The Haoul Dufy Quartet and soloists play Brahms (Thur). (71 83 45).

Botterdam, Doelen, Recital Hall. The Rotterdam Sinfonietts conducted by Kees Hulsmann: Van Wasseaser, Haydn, Francair, Copland (Mon). Besthoven plano recital by Piet Veenstra (Tue). (41 32 490).

The Hagne, Philipsmal. Hans Vonk coaducting the Hagne Philiharmonic, with Joanna Madroskiewicz, violin, and the Hagne Back Choir: Haydn, Karlowicz, Verdi (Thur). (60 98 16).

Utrecht, Vredenburg, Recital Hall. Utrecht Conservatory Ensemble: De Falla, Montsalvatory Ensemble: De Falla, Montsalvatory Ensemble: De Falla, Montsalvatory Ensemble: De Various soloists: Rossini soiree (Wed). Flamento recital by Naranjito de Triana, vocalist, and Marolo Franco, guitar (Thur). (31 46 44).

Hamburg, Stratsoper, Ariadne and Naxos features Hildegard Hartwig, Hellen Kwon, Judith Beckmann and Dieter Welles, Manon Lescaut stars Mara Zampieri. Die Entführung aus dem Serail will be conducted by Klaupeter Seibel. Don Pasquale has a strong cast with Hellen Kwon, Paolo Montarsolo and Urban Malmberg. Cav and Pag in Gian Carlo del Monaco's production will have its premiere this week. The cast is led by Julia Varady, Hildegard Hartwig, Natallo Troitskayo, Wladlmir Atlantow and Piero Cappuccilli. (35 11 51). LONDON Royal Opera (Covent Garden). Bernard Haitink's first Wagner venture since he took on the musical directorship of Royal Opera is a production of Parsifal. The staging is by Bill Bryden in the designs of Hayden Griffin. The young German tenor Peter Seiffert (in his London debut) takes the title role, and the cast also Atlantow and Piero Cappuccilli. (35 11 51).

Cologne, Opera. Alban Berg's Wozzeck is steered to triumph by Brent Ellis in the title role, beside Nadine Secunde and Walter Rafemer. (20 761).

Frankfurt, Opera. Louis Quilleo repeats his much-praised performance in the title role in Verdi's Falsiaff. This week's highlight is Der Fliegende Holländer with Simon Estes, Kurt Moll and Laana De Vol. La Bohème, conducted by Michael Boder has Marianne Christos, Jonathan Welch and Barry Mora in the main parts. William Forsythe's ballet impressing the Zar rounds off the week. (25 621).

young German tenor Peter Seiffert (in his London debut) takes the title role, and the cast. also includes Robert Lloyd, Waltrand Meter, Simon Estes, and Willard White. (240 1066).

English National Opera (Coliseum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of of operatic rethinking and real theatrical fantasy. Mark Elder cooducts, superbly. Cathryn Pope and Ethna Robinson take the title roles, and Felicity Palmer doubles as Mother and witch (on January 27 Panime Tinsley, far too long absent from London opera, returns to the ENG in these roles). Also in repertory are Richard Strauss' Der Rosenkavaller, attractively conducted by Christian Badea, with Valerie Masterson a light but marvellously elegant. Murschallin; and the latest revival of Graham Vick'e deeply unsatisfactory interpretation of Procin's Madam Butterfly with Janice Cairns and Edmund Barham in the roles of Clo-Cio-San and Pinkerton. (836

Clo-Clo-San and Pinkerton. (836 WEST GERMANY

Berliz, Deutsche Oper. Die Hugenotten has fine interpretzilons by Angela Denning, Pilar Lorengar and Viktor von Halem. La Gioconda, sung in Italian, features Maria Slatinsru, Kaja Borris and Bengt Rundgren. Don Carlos has Sharon Sweet, Ute Walther, Martti Talvela and Andreas Schmidt. (34 381).

(58 93 29).

Trieste, Teatro Comunale Giuseppe Verdi. Gounod's Faust, sung in the June and Viktor von Halem. La Gioconda, sung in Italian, features Maria Spacagna, Richard Burke and Francesco Cavana, with Maria Spacagna, Richard Burke and Francesco Ellero d'Artegna. (63 19 48).

Palermo, Teatro Comunale Giuseppe Verdi. Gounod's Faust, sung in the V

ITALY

Genova, Testro Margherita. The Genos Opera opens its season with Massenet'e Manon, sang in French, conducted by Daniel Oren and directed by Alberto Fassini, with scenery and costumes by Pasquale Grossl. Fisanna izzo d'Amico sings the title role, with Kurt Rydl (Conte des Grieux), Pietro Ballo (Chevalier des Grieux), and John Patrick Raftery as Lescaut. (58 93 29).

20 1.

NETHERLANDS

NETHERLANDS

Amsterdam, Muziektheater. The Nina Wiener Dance Company with Enclosed Times (Mon). Nederlands Danstheater with e new ballet by Nacho Duato, The Unsung by Jose Linson, and Nomads (Kyllan/Stravinsky) (Tue, Thur). The Netherlands Opera production of Don Giovanni directed by Alfred Kirchner. Nikolaus Harnoncourt conducting the Coecertgebouw Orchestra, with Glenn Wilson, continuo. William Schimell in the title role, with Patricia Schuman, Edith Wiens and Hans Peter Blochwitz (Wed). (25 54 55).

Nijmegen, Schouwborg. Opera Forum with two Puccini one-acters: Suor Angelica and Gianni Schicchi (Wed). (22 11 00).

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James Caan, Anjelica Huston and James Earl Jones in "Gardens of Stone," and Shashi Kapoor in "Sammy and Rosie get Laid"

Cinema/Nigel Andrews

It's the method that damns, not the matter

Commence of the state of the st

The state of the s

1

73

voiced his strong distasts for Past.
films like The Last Of England.
Eat The Rich and Sammy And like :
Rosie, which tackle such sordid ated subjects as race riots, inner-city decay and sex.

The Professor'e peculiar out-burst bewildored both film makers and critics alike. They had believed, obviously mistak-enly, that one of the signs of a vibrant cinema was that it made films about contemporary problems in contemporary set-tings. But the Professor will speech have none of this. He especially dislikes the films of two men accept hailed today, he says, as "promising young directors," Stephen Freurs and Derek Jarman. (For the record, these promising directors been making feature films for 17 and 13 years respectively.) The irony of Sammy And Rosie Get Laid, directed by Freurs and written by Hanif Kureishi (the team that made My Beautiful Laus, directed), is that it is indeed a bad film; but, for none of Prohailed today, he says, as "prom-ising young directors," Stephen Frears and Derek Jarman. (For bad film: but for none of Profeasor Norman Stone's reasons. For him a movie is condemned by its subject matter - in this case riots, social upheaval and case fiots, social dipleaval and promiscuous sex - regardless of how a filmmaker treats them. For me, Sammy And Rosic Gets Lind fails not in its matter but the mathed. What should have been sad if, at mathed. What should have some time during its course, at the mathed what should have some time during the mathed what should have some time time time some time during its course, at least a few of the composers its method. What should have been a timely and scarifying confrontation with life in the sceptred iste — a tragicomedy about good intentions versus gotterdammerung in Britain today — is instead at once loud and leaden, aggressively didactic and dismayingly outdated.

Chief problem is the characterisation. Unlike the supple and crediblo denizens of My Beautiful Laundretts, these who have made that country such an exciting and remark-able home for contemporary music had not also been cele-brated. Wednesday's concert by

Capricorn under the direction of Antony Pay ensured that there was no such oversight. but most of the music produced thereby was bright of colour, Beautiful Laundrette, these ones are arthritically emblematic. They come on wearing labels and wear them throughout the film. Shashi Kapoor as thereby was bright of colour, free in imaginative resource, all the more vivid for apparently managing to sever links with the wretched little grey hole in which it was being performed. The five names on the bill were familiar ones, respected, established figures of Australian music (David Lumsdaine, oldest of them, lives and teaches in Britain, and Roger Smalley, born here, has long made his home in Australia, and is therefore not out of place in such a gathering).

ple-minded) exchange of key melodic motifs, and general air of freshness and charm made one keen to hear the others. Smalley's Movement for flute and plano (which also ventures inside the instrument) is at of theme and variations and a gently fragrant oriental evocation; the flutter-tonguing flute plano discover strong imaginative (and un-touristy) correspondences between west and East. Rafi is the Pakistani politician with a Past, who comes to stay with his son (Ayub Din Khan) and daughter-in-law (Frances Barber) in riot-torn Britain. It is actually riot-torn Notting Hill and environs, but this film works by symbolic syneodoche. The diseased part stands for the diseased whole, and we are encouraged to believe that all of the UK is like this. (No won-

Also moved through the plot (new flame of Barber's).
These actors spend the mov-

ie's two hours trying to cash in

the very first saturic voice-over:

Mrs T intoning her post-election
pledge, "We've got a big job to
do in some of those inner

cities." And from that point the

There is much singing in chains

| Satisfaction | Sati

The forces used were modes

never comes to grips with Thatcherism at all. To knock than-white Claire Bloom (old flame of Kapoor'e) and darker-shade-of-brown Roland Gift of That the state of That the speed of That the spee Britishers is. Their target is an all-purpose, all-time bogsyman Toryism, symbolised by the late scenes of squatters being shunted from a wasteland under the Westway due for development. Kureishi's dialogue for some scenes of squatters being flesh-and-blood character credibility. But since the dialogue is shunted from a wasteland under the Westway due for nearly all in aphorisms and speeches, it is a hopeless task no flesh and blood bank will accept them.

Nor can any character survive in a morte which leaves

Max Loppert

non-European timbres and har-mordes - that one particularly associates with modern Austra-

lian composition, there were here two pleasing samples. Ross Edwards's Monings IV, for the original and attractive combina-

original and attractive combina-tion of bass clarinet, marimba, and trombone, comes from a recent series of similarly named works. Its bright rhythmic energy, "minimal" (but not sim-ple-minded) exchange of key melodic motifs, and general air of freshness and charm made one keen to hear the others.

Australians/Purcell Room

der American audiences have directed by Stephen Frears Gardens Of Stone directed by Stephen Frears Gardens Of Stone directed by Francis Coppole

A Chinean Ghost Story directed by Frix Lang

The Big Heat directed by Frix Lang

Sammy And Rosis Get Laid enters our cinemas the week enters our cinemas the week after a well-known Sinday newspaper ran a fulsome diagnostic free lower of since there to be Our Rritish cinema. It was written by Professor Norman Stone of Oxford University. In it he offered by Enter of Carlot of the India of the

supervising military burials at Arlington National Cemetery. The war also flickers, with varying intensity, in the eyes of his buddy, the big, hale and foul-mouthed Sgt James Earl Jones; in those of Caan's lover Anjelica Huston, peace activist and Washington Post reporter; and wannigum rost reporter; and in the young soldier's (D.B.Sweeney), who becomes Caan's protege, a zesions patriot in the making and the son of a former Korea col-

Sweeney wants to fight in Vietnam, because "a soldier in the right place at the right time can change the world." But for Caan the whole war is a tragic American bluuder, and he vainly bids for transfer from toy soldier duties so he can train young recruits in the basics of survival.

pieces are unassuming inven

of the music is unembarrassed and sustained. Only Alison Bauld'e rather feebly jokey Copyonts (not helped by creaky

gestures in the direction of music-theatre) outstayed its

welcome. A pity so attractive and enjoyable a concert should

not have drawn a larger audi-

on responses in war conducted by Dr Stanley Kubrick. The by Dr Stanley Kubrick. The strength of Coppola's movie is that it is about credible human beings. Caan is a war-wrinkled bullet-head whose eyes and words twist in palpable pain over bis country's mistakes: mistakes whose grim human harveet he buries each day with bull here. with full honours. Huston pours character, feeling and a weather-beaten wit into a role that could easily have been an empty vessel: the films a token civilian peacentk. And throughont the movie the mess-room banter, an open market for blue jokes and exuberant cynicism ("D'you wanna get laid tonight or would you rather have some fun?"), is uproariously believ-able under the emcee-ship of

The vividness of the charac-The vividness of the characters means that when the crunch comes - young Sweeney goes to Vietnam and yes, the funeral we flashbacked from in scene one proves to have been his - the film is overpoweringly moving. We weep with Caan for a whole complex of reasons: because he sees himself in the boy and his own death in the boy's death. And we weep boy's death. And we weep because Caan, like most of us at one time or another, is a muddiehead whose heart and mind, Ideals and career, strain in irreconcilably opposite directions. Gardens Of Stone is the best Coppola film since the two Godfathers; and the first film about Vietnam to suggest that among its most poignant warwounded were men and women who never went to the war at

tial arts movie from Hong Kong. Heroes and heroluce fly through the air with crackling more obviously recognisable Western context. The eight tions, mostly solo or two-part, in which tiny examinations of a single thought or style (some of the music is gently neo-Bachian) are placed side by side. The effect of the whole is lyridrapery: giant tongues alither through forests: corpses come to life: and the dialogue echoes to such withering curses as "Damued Taoist!" The only character I sympathised with, in a plot of mounting incomprehensibility, was the one who In Barry Conygham'a Voic-ings (1983), the exchanges turned away from the hero's pleas for help at one point mut-tering, "He's incoherent. No point in helping him." between four instruments and a pre-recorded tape strike at the start an apocalyptic tone, and later a vein of grandilogneut romantic gesture; the boldness

Better to sample Fritz Lang's classic 1953 thriller The Big Heat in a new 35-mm print. This is the film in which Gloria Grahame gets a cup of hot cof-fee thrown in her face by gang-ster Lee Marvin. Along with the free coffee, she gets - and so do we - Glenn Ford, n cracking script (by Sidney Boehm) and Lang's angular, atmospheric

South Pacific/Prince of Wales

Michael Coveney

would be hard pressed to story to reflect national guilt through this role. place in order of merit or preference this great musical, Madame Butterfly or Pacific Overtures. All go to prove that the Americans abroad, colonial-ism and poisoned romance are strong subjects for light the-

atre.
Tha trouble with South Pacific is that zapping the Japa towards the end of the last World War assumes a slightly less obvious appeal 40 years on. This lends the rather tortuously uninteresting last quarter of this musical a leaden provenance. Long stretches of the book by Oscar Hammerstein and Joshus Logan came out better on the film, though not much else did

much else did.
The first 90 minutes are as The first 90 minutes are as astonishing as the first 40 of Oklahoma! This spirited but tatty round the edges revival from the Theatre Royal, Plymouth, does them full justice. The lynchpin here is the veteran baritone Emile Belcourt, who gives secure resonance and who gives secure resonance and instre to "Some Enchanted Evening" Elsewhere, you marval at the nerve of starting a musical with a romantic

about foreign bases in war-time and, especially, miscegenation. Nurse Nellie Forbush – Florgrant French planter when she discovers not that he has children, but that he had them by a Polynesian. Heroism behind the enemy lices ensures a happy conclusion.

But bitteriy parallel to this romance runs the mercenary mating by the witch-like exploitative fraud, Bloody Mary, of her daughter with a doomed and open-minded lieutenant (Andrew C Wadsworth acts and sings quite beauthfully). It is the one serious innovation of Roger Redfarn's production to encourage Bertice from that eplendid Leicester vation of Roger Redfarn's pro-duction to encourage Bertice Reading's knowing, worldly Bloody Mary to turn in an act-ing performance easily the match of her superb remittions of "Bali Ha'i" and "Happy Talk."

One of the things I most liked about the Leicester Haymarket Instre to "Some Enchanted Evening." Elsewhere, you marval at the nerve of starting a musicul with a romantic pick-np, a colourful lowdown on the boom in street trade when the Americans hit town, and a chorus for leaping, horny Gis ("There is Nothin' like a Dame").

The miracle of invention was finding, four years after the truly experimental Carousel, a to carve out a new route

What she lacks at the moment is charm and real pezazz as she Nurse Nellie Forbush - Flor- washes that man right out of ence Nightingale from Little her hair. There is too much Rock - recoils from the immi- showbizzy dolliness about her showbizzy dolliness about her performance, not enough fizz and spunk. Technically, she sings very well, although she hits a rock on "I'm in Love With a Wonderful Guy." But an actress of Miss Craven's proven ability should be able to make something more of her small fown hand-ung

from that eplendid Leicester

The designs by Terry Parsons are more kitschy than smart, providing an awful waterfall backdrop on cardboard rocks for "Younger than Springtime" and too many awkward trucks and one-dimensional palm trees

The overall impression is of camping around with a classic rathor than setting about it with a fresh paintbox. An with a fresh paintbox. An opportunity has been missed. The London commercial theatre has had a rewarding reunion with West Side Story, My Fair Lady and, above all, Oklahoma! This production will do for now, but not for long.



Emile Belcourt and Gemma Craven

Company, Kid's Stuff/Donmar Warehouse

Martin Hoyle

tuosity twice nightly; or, more precisely, two one-man turns each evening. The pieces are unconnected and can, indeed should, be sampled separately, since 70 minutes of Samuel Beckett and 90 minutes of Gallic whimsy flitered through Australian all in one altting recall Mr Bennett's tactful verdict on his daughter's singing: "You have delighted us long

enough." Quite long enough.
Beckett's Compuny, lu
Katharine Worth's adaptation,
comes to WC2 with an Edinburgh Festival Fringe First to its credit. Hitherto svailable in the archetypal over-priced, large-printed slim volume, the novel gains little from translahovel gains little from transla-tion to the stage. "You are on your back in the dark," are words that recur, a Leitmottu in a characteristic monologue of recollection (in the second per-son) and wry comment (third person), dry humour and delib-

epeaker unconsciously pin-points the writing's own ten-much;" "all of a sudden there is dencies: "Its long silences when he almost dares hope it is at an end" and "another trait - its repetitiousness with minor Tim Pigott-Smith's devoted

direction and Julian Curry's benutifully paced and modulated performance gain from stage lighting that dapples the prone figure "at the foot of an stained glass, or suddenly illuminates the actor's head with twin lateral beams of light. A black-draped high-backed chair (the throne from Endgame?) and a tramp-like mannequin make up the set. Heretics may wonder why it should be staged at all; ungrateful philistines may find it soothing to the point of the soporific.

There is nothing soporific about Julie Porsyth. For an hour and a half she impersonates n carrot-haired small boy whose squar, square face resembles an Fid's squat, square face resembles an animated current bun. Kid's animated currant bun. Kid's Stuff, which starts at 8.45, marks the British premiere of another dramatised novel. Raymond Cousse's French original has been translated by Katherine Sturak, but only just. It still sounds French when not sounding American. Its fractured

my mother who srrives') amount to a hilarious parody of atrocious translatorese.

in Ms Forsyth's Antipodean tones (she has made a special-ity of the role in Australia since 1984) the effect is faintly surreal; especially when the child moves from everyday observa-tion to fantasy. From religious and sexual puzzlement to imag-luing the butcher, his wife, apprentice and even shop rising to henven on wings; from the first uncomprehending experience of bereavement to pictur-ing his own funeral, the effect is of Poil de carotte as remade by Fellini

The actress has a considerable technique, whether retailing the rapt wonder and gleeful confidentiality of childhood or providing the voices of policeman, priest, old woman or butcher. Some classroom compady with harassed teacher and innocently iconoclastic children innocently iconoclastic children is Gallic froth at its most ponis Gallic froth at its most pon-derously unexportable. Cumula-tively touching, however, Ma Forsyth, who plays Chekhov and Shakespesre under the Southern Cross, would be worth seeing in something better. Jesn-Pierre Mignon directs.



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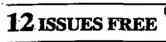
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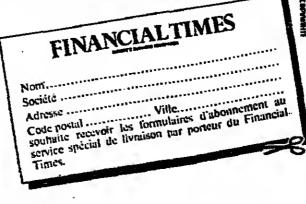
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Friday January 22 1988

Mr Balladur's dream

European monetary coopera-flexibly to economic circum-tion this week by Mr Hans-stances in Europe, with dif-Dietrich Genscher, the West ferent languages and cultures, German foreign minister, migration is inevitably more included a helpful nudge for limited. Deprived of the his bandwaggon Cynics may opportunity to adjust feel that it is easier to float exchange rates in response to distant dreams of currency shocks, members of the curunion than to confront the rency union would see more immediate financial cries of of the burden of adjustment the Community. But in a thrown onto wagee. Those world of severe currency disorder any proposal for
increased monetary cooperation deserves better than to
be written off as mere Eurobunce.

Mr Balladur argues that
moves towards monetary

Thrown onto wagee. In one
with less flexible labour markets would be condemned to
become the new depressed
regions of Europe.

Mr Balladur would be the
first to acknowledge the problems and has argued for a

union and wider economic in the international monetary debate. Institutional change might also provide an answer to France's current discontent with the exchange rate mechanism of the European Monetary System, whereby West German financial conservatiam imposes constraints on growth in other member countries. There is, in addition, the argument that the creation of a single Internal European market reinforces the case for

closer monetary union.
If a true European central bank is under consideration, it is hard to believe that it see will come about in the present century. For such a body exchange rates in the Community were irrevocably fixed, but that there would be a single currency, money supply and lender of last resort for all member countries. Representatives of the Bundesbank have indicated that freedom from political influence would be a necessary condition for setting up the bank. Few in the Community would be will-

THE IDEA of a European central bank has been aired at some length by Mr Edouard Balladur, the French Finance Minister, in recent interviews and epeechee. He will no doubt have been gratified that the call for enhanced European monetary coopean nominal wages respond fairly flexibly to economic circum-

moves towards monetary progressive approach to monetary union. And it may be convergence would give that a more pragmatic case Europe a more powerful voice could be put for a European equivalent of the International Monetary Fund, whose main role was confined to smoothing balance of payments adjustment. Yet it is hard to see why this, or any other kind of European central bank, should be regarded as essential to the creation of the internal market, as Mr Genscher implied. Or, indeed, why the Germans should par-ticipate in a reformed EMS which imposed an obligation on surplus countries to lend more freely, which the French would presumably wish to

Despite the disorder that reigns in international curwould imply not only that rency markets, it is a moo point whether this is really the moment for grandlose monetary visions in Europe. For the removal of capital and exchange controls on the way to the single market will way to the single market will that higher provisioning by The Mexican plan attempts banks and build-ups of to capture the discount at arrears by debtors "threaten which loope and arrears by debtors "threaten which loope are arrears by debtors threaten which loope are arrears are arrears are arrears are arrears by debtors threaten are arrears are arrears are arrears are ar ties in labour and other markets will be uncomfortably highlighted as capital flows

Abortion and the right to choose

across the widest ideological

Each time parliamentarians have attempted to narrow the terms of Mr David Steel's 1967 Abortion Act - there have been 13 such efforts -

opposed to abortion the termination of the life of a foetus nation of the life of a foetus at any stage after conception is killing. For the Society for the Prevention of Unborn Children (created to fight the 1967 Act) the newest embryo, encoded as it is with a wealth of putative personality and physical traits, should be untouchable. The right of the future human to live is primary.

Third, the pro-abortion side is permissive and liberal, the opponents are prescriptive. For those for whom abortion and morality, a plural society allows full scope. But, in the absence of m overarching untouchable. The right of the future human to live is primary.

For those who fight under the banner of women's right to choose, the primary right resides in the decision of the to choose, the primary right resides in the decision of the woman to continue, or to terminate, her pregnancy. She is to be retained, it is imporchild or continue to carry it; or have discovered it will be born mentally or physically handicapped.

The bitterness of the issue derives from the complete incompatibility of these two rights. For most people, the choice between them will be

an abortion cannot be legally and less distribution to btained (except, possibly,in template as an act, then evithe case of a serious handidence shows that most of the cap) has no medical argument late abortions which rightly behind it, but is pitched to get generate so much anguish the maximum political sup-might be avoided.

MR DAVID Alton's Abortion port. The indications are that (Amendmente) Bill, which the Alton camp will bargain gets its second reading in the House of Commons today, is not ordinary politics: it is a matter which both unites ing of 1g weeks rather than the current 28 weeks he gulf and divides where nor-would replace a criterion mally there is the closest based on the sustainability of independent life with a less logically defensible one.

Second, it is probably right that the exclusion of women from the right to have a legal have been 13 such efforts - abortion will send many to debate has been harrowingly illegal abortionists: the lawbitter. For good reason: what would have to carry very is at etake is the definition of large penalties indeed to stop life itself. For those fundamentally age to the woman and disre-posed to abortion the termi-pute for the law. danger both of physical dam-

base the overall prescription which the anti-abortion lobby

may have been raped; or be tant to consider the advice of diseased; or have been deserted by the embryo's father; or believe herself to be psychologically unfit to raise the advances in medical technological tech ogy, a baby can (not invari-ably) be kept alive,

Everyone can unite in dis-liking abortions. We should be more active in telling children (and some young adults) how to avoid becoming pregnant or causing pregnancy.

choice between them will be made the harder in the recognition that those on the other side are generally as sincereand as respectful of rights as themselves.

The Alton bill should be for the woman (It is never access to respect to the strength woman will be considered to the strength woman will be made the form the unit of the woman (It is never access to respect to the woman will be made the harder in the recognition of the unit of the woman (It is never access to respect to the woman will be made the harder in the recognition that those on the other recognition that those on the other recognition that those on the other side are generally as sincer-allowing abortion on demand up to 12 weeks are also relevant. opposed, for several reasons. easy: no rational woman will First, his choice of 1g weeks choose it as a contraceptive as the period beyond which device short of desperation) an abortion cannot be legally and less distressing to con-obtained (except, possibly in template as an act, then evi-

AFTER FIVE YEARS of AFTER FIVE YEARS of dogged crisis management, cracks are widening in the strategies adopted by both debtors and creditors in handling the Third World debt problem. Although this implies a weakening in the solidarity which both sides, particularly the banks, have striven to maintain, it could also open the way to new progress.

progress.

The cracks have been opened – on the debtors' side – by a greater determination to test new ideas and – on the banks' side – by a growing readiness to recognise formally that many of the loans will never be fully repaid.

The background to this

The background to this change was eet by Brazil'a declaration of an interest payments moratorium last February, still not ended though recently some interest was pald. Subsequently, most of ths world's large banks decided to make large provi-sions against their Third World loans. 25-35 per cent among the large US banks who have the greatest expo-

In the past few days, some important regional US banks have taken their provisions to around 50 per ceot of nontrade related loans to problem countries. There is an element of competition in this: the blg- December. Effectively, this ger the provision, the stronger invites banks to compete with ger the bank, the less encumbered its future planning. But intended to be once-and-forit also implies that banks are all losses on their Mexican moving towards a position loans. It is still far from clear where they can actually write how many banks will particitate their LDC loans off, on the pate in next month's auction.

assumption that they will Like other debtors, Mexico never be repaid as some have have been watched banks not only never be repaid, as some have has watched banks not only begun to do.

throes of the debt crisis when value. It eees this as an many banks could have been admission by banks that there bankrupted by their Third is little chance of the loans World loans. Now they are being fully repaid, and is cha-better capitalised, and strate- grined that it is still expected gically more inclined to bear to service them at full value.

the cost if it frees them from the burden and tedium of constant worry and rescheduling. With a rescheduling process

more prepared to take what it increasingly difficult to recthey can get, oncile the demands of foreign Such shifts in the attitudes creditors for economic adjustof both debtors and creditors ment with domestic political could upset the delicate bal-ancing act which has staved year, Brazil has - in bankers' off disaster so far. Indeed, the eyes - gone back on a promise

In a report this week it said payments moratorium.

that higher provisioning by The Mexican plan attempts arrears by debtors "threaten which loans are trading. It to break the mould in which invites banks to tender exist the management of debt probling loans in return for a lems has been set since 1982." smaller amount of bonds. the Community would be willing to concede sovereignty on this scale – least of all Britain, whose present prime minister finds even the EMS too constricting for comfort.

The bank of the light pressure for expressions the exchanges, Imposing more banks' incentive to continue quality than the loans they participating in new loans, replace – principal but not and conversely, payments interest will have US Government to shoot for the moon.

Industrialised world.

This co-operation could be Banks cannot help but welforthcoming — as long as come such a positive scheme banks are prepared to use which is in line with their their provisions to bulld more own "menu" approach of flexibility into their negotia-alternative financing methods.

The same as debt forgive-into the sam

David Lascelles and Alexander Nicoll report on changing attitudes to Third World debt

What it costs to forgive and forget

egun to do. making provisions but also Such moves would have trading loans amongst thembeen unthinkable in the first selves at about half their face

Many bankers still feel which appears to condemn strongly that the larger, mid- them to years of heavy debt dle-income debtors such as service payments without the Brazil and Mexico can and resources to finance signifishould continue to service cant economic growth. Latin their debts. Other bankers are American debtors have found World Bank has expressed to keep interest payments reservations about recent current from the beginning of trends in the relationship 1988. It says it never made

co-operation between the two ened and the banks would side and more leadership have a better and more sale-from governments in the industrialised world.

such an undertaking to end its

ting positions,
The differing views among bankers have been spot-lighted by Mexico's innovative loans-for-bonds scheme which was announced in which excuse the banks tak-not the same as the to regress to the two.

Two medium-sized American bonds are really an elaboration of so-called "exit bonds" and American Express Bank, which excuse the banks tak-

ing them from participating in For each bank, however,

the offer involves complex mathematics depending largely on individual capital, position and regulatory envi-ronment. Which course of action produces the best return: to bid aggressively and take a substantial loss on the loans tendered (taking a bond which is likely itself to fall to a discount); to sell loans for cash instead; or to take no action at all, hoping that Mexico's eased debt bur-den will actually enhance the quality of existing loans? The answer will vary from bank to bank.

More fundamentally, this plan forces each bank to con-sider its future strategy and the adequacy of its provisions. It will set an important precedent if it is successful in attracting enough competitive bids. Banks which take part will have to write off a portion of their existing loans, accepting for good that they will not be fully repaid. It is significant that the

plan carries the stamp of Morgan Guaranty Trust, the New York bank which is acting as Mexico's agent. This is one of the biggest lenders and a member of the advisory com-mittees which have governed the banking community's strategy of rescheduling debt over longer maturities.

Mr Gonzalo de las Heras, the Morgan executive respon-sible for Latin America, insists that the scheme does not undermine existing debtstrategy by setting a precedent for debt forgiveness. creditors. It called for greater debt burden would be light-involves voluntary debt forgiveness in the sense that you are given something that you like more than what you

Provision levels as % of problem manoeuvre in the longer run. In Europe, banks are better placed to make write-offs. But in the UK, banks are being pressed by the Bank of England to move only at the pace of the slowest runners — Standard Chartersd Bank, Midland Bank and Lloyds Bank — whose LDC exposure is relatively the highest.

Soldarity. Few banks are being pressed by the Bank of England to move only at the pace of the slowest runners — Standard Chartersd Bank, Midland Bank and Lloyds Bank — whose LDC exposure is relatively the highest.

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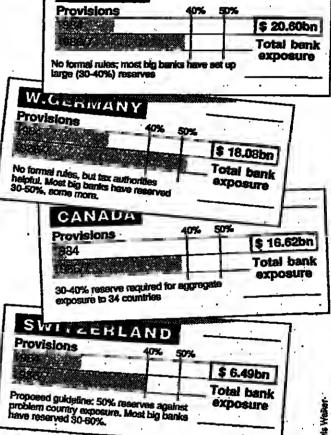
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Soldarity Few banks are being pressed by the Bank of England to move only at the pace of the slowest runners — Standard Chartersd Bank, Midland Bank and Lloyds Bank — whose LDC exposure is relatively the highest.

Soldarity Few banks to take n bold step of their own. Mr John Reed, the chairman of Citicorp, who triggered last year's provisions, is unlikely to do the same on write-offs: he has stated his firm opposition to them, and Citicorp could not afford such a move because of the balance sheet effects.

No logic. Bankers argue JAPAN All banks meet Government guidelines average maximum of 5% reserves age loans to 38 countries UΚ \$ 29.00bn Provisions Total bank Bank of England matrix suggests reserve levels from 5-100%, depending on country. Most major banks have now provided 25-30% FRANCE **Provisions**



\$80m respectively of Latin cedent which could be damag-American loans. Both were keen to point out the advantages of taking their write-offs. Mr Robert Smith, chairman of Amex Bank, described their bargaining power with loans off," he predicts. The central issue is that would outwelgh whatever write-offs will not ald the Third World debt problem. LDC debt reduction measures would outwelgh whatever write-offs will not ald the as part of "an orderly exit from cross-border lending," might earn for valuing their unless they lead to forgive-which would give his bank Third World loans at more ness. Mexico is testing one

Source: IBCA Banking Analysis

more flexibility. Mr Ira Stepanian, president of the Bank of Boston, said it would reduce his bank's expowould reduce his bank's expo-sure to the Third World as well as its future reliance on interest income from the "minant of balance sheet dents are being set. None the loans. And, freed of the worry, he can now get on with his other plans.

etrength. So big write-offs less, as has often happened in would weaken their capital the debt crisis, progress can ratios and force them to raise come from sudden and unex-But other bankers both in more funds in the market, pected quarters. The banks Europe and the US are less However, under the new are undergoing a slow change enthusiastic about taking the international bank capital in attitudes; in the months

Providing for Latin America may be more room for manoeuvre in the longer run.

 No logic. Bankers argue that write-offs would make little or no contribution to easing the Third World debt burden, unless they went one stage further and forgave the debt they had written down. This they are not prepared to do. Both Bank of Boston and Amex Bank said they still expected to be repaid in full – and they will use any interest

they receive in the meantime to write down other debts. The Mexican scheme involves a commitment to forgive debt, which is why so many banks oppose it.

Continued involvement in rescheduling and calls for new money. A bank writing off its debt would not escape any obligation to participate in future efforts to raise new loans to help finance interest payments - unless it had for-

mally agreed to forgive the debt. So it would not shake off the problem of being a Third World creditor. The debate about write-offs is sharpened by doubts over which loans should be written down and by how much. The losss which Bank of Boston and Amex wrote off were to specific types of borrowers, which they did not identify (though Amex said its loans were all in the private sec-tor). Bankers could argue with some force, however, that there is no need totally to write off loans which con-tinue to trade at 50 per cent of their face value in the secondary market. However bankers know that this mar-ket is an unreliable guide to secondhand loan values, and they would never be able to sell a useful amount of loans

Mr John Altken, the bank stock analyst at County Nat-West, the investment banking arm of the National Westminster group, says bankers are going through "a mental unravelling process" over write-offs. "In not many months; or maybe a year,

realistic levels.

way of extracting such forgiveness from the banks but

mpact on bank strength. the sums are small and an same route, for several reasons:

Principle. To forgive Third
World debts would set a pre
same route, for several reasons:

proposals of the Cooke Committee, countries will have to haps lead to brave actions phase provisions out of the capital calculations, so there widespread forgiveness.

Back street demos

■It was just like the 60s – police on horseback, thousands of demonstrators waving plac-ards; some even sat in the road, and there was Julie Felix turning the clock back at the rally.
The cause, for there had to be

The cause, for there had to be a cause, of the scenes around Westminster yesterday was David Alton's Abortlon Bill which aims to reduce the legal limit for abortion from 28 limit for abortion from 28 limit for abortion from 28 lock out in November, are keeping up their spirits by produc-

weeks to 18.

The 40 or so pro-Akton contingent were easily outnumbered as they lined up outside the Central Methodist Hall, but they had some views worth noting. William Robertson, holding a plackard saying simply "Eeincarnation", explained his position: "I don't want to be aborted some time in the future." Robertson, who claimed to be a Chiswick Buddhist, added: "We take the view that human life begins before concention." Even the continuous life begins before concention. Even the continuous life begins before concention. Even the continuous life begins before contention. The continuous life begins before contention. The continuous life is continuous life begins before contention. The continuous life is continuous life in the contention in the content i that human life begins before conception. Even sperm is

While he may not have had the complete support of his fellow protesters, at least his protest was peaceful – unlike that of the Oxfordshire Methodist minister, the Rev Paddy Kyle, who took umbrage at the Fight Alton's Bill contingent occupying the hall and went inside to turn over a few tables before being ejected by police.

"I think it's appalling that these premises should be used by those who are anti-life," he said. While he may not have had

Inside the rally there was the inside the rany there was the curious spectacle of the Conservative MP for Hertford and Stortford, Bowen Wslls, attracting applause from the floor which included a sizeable group from the Socialist Worksrs

Party.

Most men were taking a back seat, particularly in view of comments from Herriet Har-man, Labour MP for Peckham

OBSERVER

and will speak against Alton today.

President Corley

■Roger Corley, Preeldent-elect of the Institute of Actuelect of the Institute of Actuaries, can be regarded as a modern prototype of this august,
somewhat esoteric profession.
He has a brilliant academic
record, winning the award for
best student of the year when
qualifying as fellow of the premier professional actuarial
body. But he is no back room
actuary. His work with leading actuary. His work with leading mutual life company Clerical Medical - a firm with a history of providing institute Presidents - has seen him hold successively the top executive posts of investment manager, appointed actuary and now chief executive. Under his lead,

Clerical Medical is in the pro-cess of transforming itself from solely a life company to finan-cial services.

He takes over as President man, Labour MP for Peckham
who said: "There needs to be
more research into contraception for men as well as women."
The cause appeared broader
than David Alton's Bill. David
Steel, who started it all in 1967,
sent apologies for his absence

The actions of the UK government and the growing influence
of the EC on UK financial
operations are impinging on the



"So my old granny was right after all – 'Moore doesn't mean better." after all -

ability of actuaries to exercise ability of actuaries to exercise their professional judgement.
Corley is dismissive of any suggestion that the actuary is irrelevant to the modern life company or that actuaries are losing out to accountants. He feels that relations between the two professions are greellent.

two professions are excellent and that co-operation between them is growing.

The main problem, he claims, is that the UK actuarial profession is a victim of its own success. aton is a vicini of its own suc-cess, end although we heve heard that before, we shell watch his attempt to find new recruits with interest.

Last Heineken

The retirement next year of Aifred Heineken, the 64-year-old chairman of Holland's Heineken brewery, will mark the end of an era. The chairman-ship had always been one of the parts of Heineken that other mortals outside the family

brewery and will be succeeded in April 1989 by Gerard van Schaik, 57, the vice-chairman. Alfred Heineken, believed to Alfred Heineken, believed to own a quarter of the company that was started by his grandfather, has been chairman since 1971. He joined the business as a 19-year-old in 1942. Now, as head of the third largest brewery in the world with sales of FL 6.7bn in 1986, he has e personal fortune renortedly ranksonal fortune reportedly rank-ing among the top 10 in the world, but this did not prevent Freddy imbibing at his popular "Hoppe" Cafe in Amsterdam until he was kidnapped in 1983. A multi-million florin ransom was paid, much of which was the content of the conte was paid, much of which was subsequently recovered.

Nowadays he stays out of the limelight and travels everywhere with bodyguards. He is married to Locille Cummins, daughter of a Kentucky whiskey distiller.

Tunnel channel

The BBC has found the solution to a motorists' bugbear -missing bits of radio programmes as the car enters a tunnel. For two year drivers using the one of the twin Dartford tunnels under the River Thames have been benefitting from a BBC experiment with a "leaky feeder", a device in underground communications systems which allows uninter-rupted listening on the car

The Corporation has been so pleased with the trial that the aystem bas been extended to the other tunnel and now carthe other tunnel and now carrles eeven channels on the
medium and FM wave bands.
Similar services in other tunnels may follow. Leaky feeders
are used in US road tunnels to
insert quick jingles and advertlsements but this is not
planned in Britain — or at least
not yet not yet.

Halle

Thew and inexplicable Cambridge graffito, this time in a pub: God damn the Halle

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POLITICS TODAY

Hearts, minds and wallets

By Joe Rogaly

THATCHERISM has started to as no

months after a triumphant third election victory - especially during a period in which the opposition is in disarray. But consider the nature of the wobble. It is not a matter of ministers being tired most of them are bouncing with energy it is not a strong case of warring contact.

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wobble. After this week it is no longer credible for even in terms of responsible ministrem the most ardent supporter of ters, as the present incumbers to say that her Government has won all the arguments.

Her global reputation, as the NHS the Prime Ministration the House of Commons to the NHS the head of an administration the House of Commons to the head of an administration the House of Commons to the head of an administration of the Western she demonstrated her mastery world's march away from of ventriloquism by throwing socialism and towards the her voice all the way from voice all the way from the next year or so right across Parliament the bit between its teeth.

All that may seem like quite a triumphant third election victory — especially derived a nerical in terms of responsible ministration that has placed itself at the way find the leader of the Labour Party, Mr Neil Kinnock will not let this one go away. He is doing too well by creating headlines about desperately sick babies. And the NHS itself, in the form of nurses, the bit between its teeth.

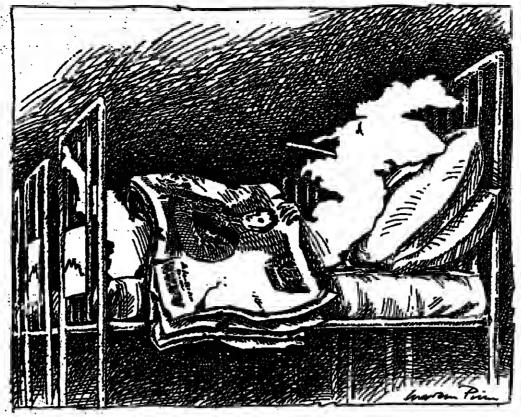
Nobody should be surprised by this. It has all been said before: "One of the most striking features of the National Health Service is the continual designation only seven form only seven found the strength in the Moore found the strength in the form of the most striking features of the National could see the start of a down.

Square and out throwing headlines about desperately not let this one go away. He is doing too well by creating headlines about desperately not let this one go away. He is doing too well by creating headlines about desperately not let this one go away. He is doing too well throw her vice in the way from the NHS the head of an administration the NHS the head of an administration the NHS the head of an administration the NHS the way from the NHS the head of an administration the NHS the head of an administration the NHS the head of an adm

Something radical is needed to break the perceived link

someone suggests that a dif-ferent system altogether might be preferable, which would involve the money coming from some less (liter-ally) palpable source. The

The "crisis" in the National acceptance it would have to Health Service will continue be accompanied by, say, half a billion more for the public ter responsible for health service. Such a squeeze since the service was created by her tions under government, but I can rememist is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any, is in a trap of the Prime Minister's making. It declines any ceven though most minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any is in a trap of the Prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event in the prime Minister's making. It declines any event making. It declines a



It is no wonder that if Mr Moore had been able to make his own speech it would probably have been more like that of Mr Norman Tebbitt, who asked rhetorically on Tuesday
(a) whether there should be anatter of ministers being tired: most of them are bounding with energy. It is not a simple case of running ont of them are bounding with energy. It is not a simple case of running ont of dieses: there are probably too many of those about. It is, rather, that we can now per lives of meanings. It is reading and the many people to be a coherent and politically unsinswerable philosophy.

The first fissure is there because of an internal commany people to be a coherent and politically unsinswerable to many people to be a coherent and politically unsinswerable to many people to be a coherent and politically unsinswerable to many people to be a coherent and politically unsinswerable to many people to be a coherent and politically unsinswerable to organize the first fissure is there because of an internal commany of gross domestic product on private health care than we do revealed a deeply felt that the first fissure is there because of an internal commany people to be a coherent and politically unsinswerable to splutter a few words of his own. His recitation of a list of and politically unsinswerable to splutter a few words of his dock, Medicine and Politics, dates from 1900-63, when Mir could be health some than as an annually determined sun? Should it come book, Medicine and Politics, dates from 1900-63, when Mir could be health as an annually determined sun? Should it come of gross domestic product on private health care than we do revealed a graph in the sumance of gross domestic product on private health insurance convicte people that it is providing enough money for the persuading the Chancellor of the service will can be accompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade a becompanied by, say, half for so long as that contrade any limit on NHS spending and (b) how the money should be raised. If there were to be

the British Medical Journal in 1957. and control. For the time being, Mrs Thatcher is plainly more afraid of the political consequences of moving away from the current structure of the health service than she is of the persistent, and grow-ing, chorus of complaint.

The second fissure in Thatcherism is more fundsmental. Britain's new model conservatives can stimulate the creation of wealth, but they are not clear about what happens next. They have made many citizens richer, (and created a fiscal surplus that will no doubt turn the US Treasury green with envy), but they have not begun to think through the optimum aize of taxpayer-financed spending on social services like health, education and walfare. Thus et a time when welfare. Thus at a time when, in the memorable words of Labour's spokesman on health, Mr Robin Cook, the Chancellor's wallets are as ample as his presence, the Government has put forward spending plans that seem inexplicably penny-pinching.

Mr Lawson of all people should understand this well, In s thoughtful speech at the Centre for Policy Studies this week, he said: "You have to win the battles for hearts and minds as well as for wallets." He told how the post-war Labour Government under Clement Attlee had couvinced people of the moral superiority of big government and

equality. The consequence

was a quarter of n century of inflation, low growth and an erosion of authority.

In 1979, the present Government began to entrench the moral imperatives of capitalism: choice, the market, incentives, opportunity. Inflation was now down, growth tion was now down, growth was np and authority was restored. The time had come to "spread the benefits of freedom and personal responsibility further, into areas of society from which they are still too frequently absent; notably education, rented housing, and the inner cities". Health is not mentioned; pre-sumably this is still to be subjected to the morality of big government and equality, with cost inflation, low growth and an erosion of authority in the NHS the con-

As to education, the Gov-ernment has yet to win the argument for continued tight control over expenditure, while its proposals on rented housing are both too timid and too stringently costed (someone must pay the rent for the poor) to be likely to succeed. And while throwing money at the inner cities has been discredited as a policy, no serious proposals will work without some subventions from those bulging wal-lets. The moral arguments behind these matters remain to be settled. Until they are, the wobble in Thatcherism will persist and intensify. Lombard

An Edwardian tax strategy

By Michael Prowse

sents n serious misuse of lan-guage. Mr Lawson is not taxing the receipt of wealth but the giving of it. He is guilty, as Winston Churchill once put it, of "trying to tax the dead it, of "trying to tax the dead it, of "trying to tax the dead it." as Winston Churchill once put it, of "trying to tax the dead instead of the living." He is also, illogically, taxing the giving of wealth only at or near death (no tax is payable on transfers effected when the grave is seven or more years away). There is no logic behind what Professor Cedric Sandford has scathingly Sandford has scathingly dubbed a "lottery on length of life with the state taxing not proper inheritance taxes,

time gifts.

In addition to tampering with the structure of capital taxes, Mr Lawson and Sir Geoffrey Howe, his predeces-sor as Chancellor, bave steadily reduced their blte. Successive Budgets have fea-tured big rises in thresholds the interests of efficiency, and large cuts in the rate of the tax. In 1987/88, inheri-quantitatively much more sigtance taxes are expected to raise less than 2 per cent of raise less than 2 per cent of ought to be made to live np to the Inland Revenue's total its name. If the receipt rather

MR NIGEL LAWSON likes to around 15 per cent, shortly abolish at least one tax in before the First World War it each Budget. His more fervent was almost 30 per cent.

each Budget. His more fervent supporters are hoping that inheritance tax will get the axe on March 15. The apostles of the New Right argue that the tax, the 1986 replacement for capital transfer tax, is an appalling infringement of personal liberty. They point out that it raises little revenue and is expensive to collect. They can see no reason why a third-term Thatcher Government, with a massive parliamentary majority, should not scrap it.

The layry less containly was almost 30 per cent.

To recreate a situation where taxes on capital are proportionately as significant as in the Edwardian era would obviously be asking too much. Yet there are powerful arguments for moving towards heavier taxation of wealth especially inherited wealth. Both equity and efficiency considerations point this way. As the Meade Comment, with a massive parliament of the New Parliament of the New Right arguments of the Edwardian era would obviously be asking too much. Yet there are powerful arguments for moving towards heavier taxation of wealth early and efficiency considerations point that it raises little revenue and is expensive to collect. They can see no reason why a third-term Thatcher Government, with a massive parliament of the New Right arguments of the Edwardian era would obviously be asking too much. Yet there are powerful arguments for moving towards heavier taxation of wealth early and efficiency considerations point the owner and is the edwardian era would obviously be asking too much. Yet there are powerful arguments for moving towards heavier taxation of wealth early and efficiency considerations point the tax the tax, the 1986 replacement as in the Edwardian era would obviously be asking too much. Yet there are powerful arguments for moving towards heavier taxation of wealth early and efficiency considerations point the tax the t Scrap it.

The levy is certainly proper subject for tax.

The very title representation of law indeed, capital is a more natural factor. ral candidate than wages because it produces an income

earned income. This is espe-cially so for inherited wealth Indeed, the incentive effect the gamble itself, nor the winner, but the toser." Of the OECD countries that have death duties rather than proper inheritance taxes, Britain is the only one to receipt of n large fortune at a receipt of a general tax on lifetime gifts. tter moral claim to his lavish life-style than those born wealthy; the latter, after all, have done nothing to deserve their riches.

Mr Lawson ought to take a lead from the Edwardians; in nificant. Inheritance Tax also receipts. Apart from an ironic dip in receipts under Labour in the late 1970s (when CTT replaced the old estate duty), this compares poorly with past history; under Mr Heath the ratio was close to 5 per cent, in the late 1930s it was

Sir, I think it is about time to light a stick of dynamics under Lord Young and the Securities and Investments Board.

In that none of them have can comply? Order every stockmuch practical knowledge of broker to cesse trading? Turn not the technical complexities of a blind eye? Neither option seems stockbroker's back office, I find very satisfactory.

It surprising that they do not appear to be interested in listening to the reasoned advice which technical assured advice private investors, for some Report ("Brady's wrong answers to be interested in listening to the resource advice to the resource advice the protection of private investors, for some resource and the resource advices the resource advices to the resource advices to the resource advices to the resource advices to the protection of private investors, for some resource and the resour which technical services direc-tors of member firms of the stock exchange are trying to give them, via The Securities. Association (TSA), about the implementation of the Financial

Services Act.

I do not believe that any stockbroker objects to most of the new regulations, but I would point out that some of those which have appeared in the final rule book (the latest key part of which speared only on January 13, and was about three times the weight of the draft published last July) could never be complied with in any circumstances.

However, the main problem is the snothing short of a disgrace that to expect us to construct and test highly complex new systems in the 12 weeks remaining before the Act is implemented, let alone retrain most of our staff, is either mad bring some spice into the exerness or evidence of the SIB's cise, that I agree to pay \$1,000 fundamental ignorance of what to any charity of your choice if it is asking us to achieve.

As for the transitional relief provided by the deferral of the implementation of both Section 62 and "client settlement money" rules: the first it a dangerous legal trap; and the second is worthless without deferral also of the "client free money" and "counterparty risk" and the stambles I confidently predict does indeed happen?

rules.

So what is the SIB going to do

49 Moore Park Road,
if, or when, on "A Day" no one Fulkars, SF6

T predict Dollar discussion a shambles? Letters to the Editor is too alarmist

to insist on the premature implementation of this legisla-tion, the result of which could be the demise of many firms of stockbrokers.

Indeed, were it not for the criminal proceedings to which directors and managers may be subjected for non-compliance. I would be tempted to dismins the timetable for implementation—as well as some of the regulations—as a joke. Given the shadow of the criminal law, it is nothing short of a disgrace that the SIB is imposing these regulations on us without proper debate about the technical practicalities.

Because most of the regulations apply to the protection of private investors, for some 15,000 of whose investments from the Signature of the S enthusiastic, it is most likely because Mr Brady's team did not produce the watered-down, bland document that we have come to expect from such com-missions. Rather, the special task force took its mission seriously and produced a very use-

The securities industry has been well known over the years for its excesses, combined with a lack of managerial ability a lack of managerial ability which would be appalling in any other industry. It is abundantly clear — to this reader at least — that the regulatory authorities in the United States and the United States and the United Kingdom have a not graspod the implications of the technological advances of recent years, the globalisation of securities markets and Big change.

Thus, inequirably a degree of the control of the control of the currency and prices change.

Bang.

If "Meltdown Monday" has achieved nothing else, perhaps it will lead now to a rationalisation of the regulatory framework within which the securities business operates. Options, futures, portfolio insurance and index arbitrage certainly have their place, but when these derivatives become the market, surely it is n case of the tail surely it is n case of the tail wagging the dog?

From Professor Geoffrey Wood. Sir, An important temporary connection between the US trade deficit and the behaviour of the dollar appears to have been neglected, with the result that the discussion has become innecessarily alarmist.

Some years ago, along with Stephen Carse and John Williamson, I published a study of the financing practices of British foreign trade. We reported the finding that exports, both to and from Britain, were predominantly involced in the exporters gravener. There has exporter's currency. There has been no comparable study for the US, but studies of individual US industries produce results consistent with our find-

The implication of this is that if there is a fall in a country's exchange rate, receipts from exports, when measured in for-eign currency, fall — while expenditure on imports, measured in the same way, does not change.

Geoffrey E. Wood, City University Business School

Industry's prosperity depends on the proper use of science

From Professor A.J. Morton.

Six. The new moves to direct university research along more in fife content rather than on the tonor profitable lines (January 6) may well do some good, but the Government is deceiving itself if it thinks that nothing more is needed.

A matter of at least equal serious tendency on the part of academic authorities to rate the doing of research as more intellectually respectable than putching it to practical use. The quality of research can be rigorously assessed according to a well-understood academic system, other activities, especially those concerned with industry to practical use. The promotion committees which are concerned with industry for its part has been students graduate they are less familiar and harder to judge; they carry less weight with promotion committees which are concerned above a level of a degree course in the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until the fact only in small namy areas of activity. Until activities and when the potential returns the quantum transport of activities, especially in high places for undergraduated in strong contrast to the stination tractor their industry has been strong to the first think is most instead to the proper use of activity of industrial sufficient activities such as engineering and the technologists—the inadequacies are of such many areas of activity. The voice of technologists—the inadequacies are of such many areas of activity. The voice of technologists—the inadequacies are of such many areas of activity. The voice of technologists—the insufficient they are regarded almost with equantimative to part the proposition of the contractivities, especially and value of a degree course in the proposition of the contractivities and polytechnics cannot possibly y

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FINANCIAL TIMES

Friday January 22 1988



Ivo Dawnay in Rio de Janeiro looks at a turn in President Sarney's political fortunes

Resurrecting a dream of power

PRESIDENT Jose Sarney's struggle to secure a five-year term of office — begun 12 months ago, in critical condition by June and declared dead last November — appears to be anydering a recovery worthy undergoing a recovery worthy of Lazarus.

Whether, however, the Brazilian public is watching a joyous New Testament miracle or a doom-laden Old Testament catastrophe remains very much in the eye of the beholder. Either way, it is appropriate that one of the chief agents for

the apparent improvment in the President's political fortunes is an obscure evangelical deputy elected isrgely on the vote of the militant non-conformist sect, the Assembly of God. Mr Mattheus lensen, a mem-

ber of the Chamber of Deputies, has spent recent weeks tirelessly accumulating signatures for his amendment, aimed at ensuring the president a fiveyear term instead of the four years (glving elections next November) currently proposed by drafters of the new constitu-

ln all seriousness, he justifies his case in suitably apocalyptic terms. The world is coming to an end and the difficulties of Brazil are the consequences of that fact, not the fault of the president," is the basic gist of

Such views may be common in the religious fervour of shanty prayer halls, but they cut little ice among the hard men of Brasilia. How, then, has Mr lensen managed to gather an alleged 317 votes out of a total 559 to keep a debilitated president in power?

The answer, as so often in

A JOINT attack by Ford and

Nissan on Western Europe's utility four-wheel-drive market

could result from a feasibility study planned by the two com-

President Sarney'a atruggle for a five-year term of office owea lts recent popularity to a strange coalition of evangelism and politics, but the tide of public support for presidential elections this year may still prove too strong.

pleted in November, is a disas-

With the drafting committee dominated by left-wing nationalists, the document threatened to scare off vital foreign invest-ment and seriously inhibit entrepreneurial activity within the country through a series of highly idealistic labour provi-

Awakened from their slumber, centre and right-wing forces that hold a clear majority In the Congress rapidly joined to create the Centrao the Big Centre - a new coalition of cross-party support. Since its formation, this group has proved able to defeat the left in a series to procedural votes, making way for wide-ranging changes in the final draft.

The second major change in Mr Sarney's circumstances came with the resignation of Mr Luiz Carlos Bresser Pereira over tax changes. For the first time, the president was able to name his new finance minister without consultations with the dominant Democratic Movement Party (PMDB) - Itself deeply split into "progressive" left and Centrao right.

The fact that his choice of Mr Mailson da Nobrega, a non-po-litical, career civil servant with

In the atreets a growing sense of anger and frus-tration with the political establishment lend sup-port to the view of many politicians that only the ballot box can create a government able to deal effectively with the cri-

assertion that he would now govern above party pressure. Last among the factors favouring his dream of a five-year term is the disarray of the alternative candidates. With at least six likely runners, the highly-divided PMDB is certain to have a further damaging blood letting to find an even blood-letting to find an even half acceptable nominee.

half acceptable nominee.

Almost certainly the party will split for good.

In addition, many politicians and economists – though by no means all – believe the costs to the economy of a new presidential race would be disastrous as candidates use their budgets and connections to win votes through ever-bigher public expenditure.

penditure. Every election campaign creates a huge surge in the public sector deficit," pointed out Pro-fessor Marcos Cintra Cavalcenti of Sao Paulo's Getulio Vargas business school last week.

"If Mailson can deliver his highly orthodox and nustere economic policy, then five years for the president is perhaps the best option...if he can deliver "

Brazil, comes from a combinabignorm of factors and events.

First, a broad political consumptions has emerged that the utopian draft constitution, combinabignorm ised, previously-undelivered broad-cast live to TV stations across the world.

One factor that will help the new minister is the consolidation of what were in effect three national budgets – fiscal, began: "Sarney out, Sarney out,"

pany expenditure - into one. Furthermore, future unbudgeted spending will have to be authorised by Congress, a wholly new measure of discipline and accountability.

However, these alone may prove insufficient instruments to contain a president not versed in economics and who versed in economics and who himself may need to direct resources towards those who can deliver political backing. Nevertheless, though Mr Sarney's fortunes have clearly improved since his November defeats, serious doubts remain

as to whether he can reverse
the tide of public support for
"Direct Elections Now."
With January inflation expected to hit 16 per cent, output
stagnating and unemployment creeping up, many polliticisns argue that only the ballot box can quell public disaffection and create s government with the authority to tackle the crists

Moreover, Mr lensen's 817 signatures do not represent real voting intentions when the issue comes to the crunch, possibly in March, observers claim. More influential, it is argued, will be the opinion polls which consistently show large majori-ties for a presidential contest this year.

In the streets, a sense of

deliver."

Such thinking is increasingly commonplace in Brazil. But so are the doubts as to whether the Government's purse strings ance of Tina Turner announced that the show was being broad-cast live to TV stations across

Moscow to shed 20m jobs under Gorbachev reform plan

THE SOVIET Union is to cut by

It was the latest indication of the vast number of job losses, affecting workers in loss-making factories as well as administrators at national, regional and local level, that are expected to result from the reform pro-gramme of Mr Mikhail Gorba-

In all some 20m jobs are likely to be shed, raising tricky social and political problems for the Soviet leadership.

Mr Igor Prostyakov, deputy chairman of the government bureau for social development, told Pravda that the job cuts i the republics did not mean that unemployment, officially abol-ished in the Soviet Union in the 1980s, would be reintroduced. Those made redundant would be found jobs in other sectors of the economy, including

Mr Prostyakov said that the "unjustifiably large number of ministries" and the "manage-ment apparatus" bad to be streamlined, "We estimate that we will have to cut about 50 per cent of workers in republican ministries and agencies and 30-35 per cent at the regional

Estimates of the total number of those employed in the bloated Soviet bureancracy vary, with the official figure put at between 17m and 18m. Mr Prostyakov said that there are 11.5m bureaucrats attached to enterprises and about 2.5m in the central government appa-

foreign trade, have been merged. Bureaucrats have fremerged. Bureaucrats have frequently been criticised in the Soviet press for undermining Mr Gorbachev's plans for economic reform, by limiting the degree of autonomy granted to individual enterprises.

The central administration in Moscow has been ordered to cut

its staff by 100,000 by the end of this year.

ancing, or paying its own way and no longer relying on state subsidies, has given rise to widespread concern among workers about their future.

Many enterprises are expected to have to shed workers to stay in business and Soviet officials have warned that factories that

persistently make losses will be allowed to go bankrupt.

Earlier this week, the government announced the setting-up of a nationwide network of job placement centres, financed by enterprises, which would be responsible for finding new employment for those laid-off employment for those laid-off in industry and arrange retrain-

Workers bave also been assured that they would continue to receive their salaries for up to three months after being laid off. On the other hand, job loss usually means the automatic loss of factory-allocated accommodation.

Another problem is that while there is no shortage of work in the Soviet Union, job vacancies are largely in sectors and regions that have proved unat-

Western analysts estimate that there are 13m vacancies in the services sector and over 1m construction jobs available nationwide. But often these are in the remoter and least hospitable regions of the country, such as the north, Siberia and Soviet Central Asia. Persuading people in towns, with at least minimal shops and services, to move to badly served onter regions is certain to prove diffi-cult.

"There is no shortage of jobs, but the jobs and the people are not always in the same area, or the same sector," one diplomat

commented.

The Government has remained silent on the extent of compulsion that will be used to remove excess workers and bureancrats. Administrators are certain to resent being moved if it implies the loss of substantial perks.

Continued from Page 1

THE LEX COLUMN

BHP shakes off its admirers

It is hard to escape the conclunearly a half the number of bureaucrats in the country's 15 republics, the Communist Party daily Pravda reported yesterrestructuring except the com-pany's own shareholders. The deal ensures the continued independence of one of the world's largest mining finance houses, and has enabled its two major shareholders, Bell Resources and Elders IXL, to free a considerable part of their capital at a time when both have more pressing financial have more pressing financial commitments elsewhere. For an outlay of \$2.7on BHP is reducoutlay of \$2.7bn BHP is reducing its share capital by around a fifth, has rid itself of two troublesome shareholders who effectively controlled the company's destiny, and has locked up control of nearly a fifth of its shares in a joint venture with Elders, which makes it virtually takeover proof.

It is natural to feel sympathy for BHP's plight over the last few years and appreciate why it has seized the opportunity of last October's crash to end the disruptive inflnence of two of Anstralla's most andacious entrepreneurs. But while the

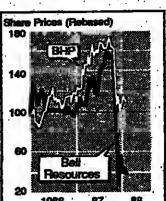
entrepreneurs. But while the fear of takeover may have disturbed the management's long range plans, it has gingered up the group's short-term perfor-mance, and for this sharehold-ers can be thankful. The reduc-tion in the number of outstanding shares, and the increased gearing resulting from the need to borrow an extra A\$1.7bn to finance the restructuring, should improve BHP's profitability in the short-term. Longer-term, how-ever, BHP shareholders will need falth that their strengthratus.

Over the past 18 months, several ministries, including those connected with agriculture and foreign trade.

past.
Of the two ontgoing share-holders, Elders IXL appears the clearcut winner. It has freed A\$1.6bn of cash which will come in handy to offset the increased gearing resulting from its New Zealand Forest Products venture. Mr Robert Holmes 2 Court's Bell Holmes a Court's Bell Resources, by contrast, has failed to realise one of its life-long ambitions — control of The economic restructuring Australia's biggest company. lowed yesterday by a positively programme, under which 60 per cent of the country's industry reports of the imminent col-has switched over to "self-fin-lapse of his empire have been lapse of his empire have been grossly exaggerated.

Bundesbank

Perhaps the Bundesbank has not heard of Goodhart's law, which states that all one need do is target a monetary aggre-gate to ensure that the aggre-gate will misbehave. There may be perfectly good reasons,



ter: bad it chosen M3 over CBMS last year, the target would have been met not missed. In such circumstances, moving the goalposts must be quite a temptation

Mr Pohl made it clear yesterday that the change meant nothing for interest rate policy, thinking that he protested rather a lot. In theory, at least, the shift should give him more flexibility to respond when Washington grumbles about German tight-fistedness; last year, M3 grew by two percentage points less than CBMS, and It is difficult to avoid the con-clusion that monetary pressure on interest rates will be less

Markets

. There is a tone of surprising optimism to the equity market just at present. Tuesday's ugly lurch on Wall Street was folpoor set of UK bank lending figures, and the FT-SE100 ended the day only six points

economic activity. On top of this week's data on retail sales and industrial production, yes-terday also brought the flash figure for consumer spending in last year's fourth quarter, showing almost no rise on an adjusted lassis from the quarter adjusted dass from the quarter before. There is no sign yet of the nnthorities relaxing thair vigilance on overheating, but the renewed weakness of the dollar alone would make a rise in rates a risky business in the

short run.
The optimist points to the The optimist points to the fact that there has been n cut in base rates immediately after the Budget in every year since 1981. It would hardly he surprising, though, if this year proved different; for ten years out of the last thirteen there has been a first quarter rally in equities, and there is no sign of that yet either. Granted, every day the institutions do not buy means another day's cash flow means another day's cash flow piling up in the coffers, but fund managers can scarcely be blamed for staying liquid while Wall Street carries on behaving in such an extraordinary fashion. One way or another, there could well be a period of limbo between now and the Budget.

Tricentrol

If this week's asset valuation from Britoli seemed glowing, Tricentrol's version of what its own assets are worth looks positively ecstatic. While both valuations depend on the same enthusiastic view of oil and gas prices and use the same slimine discount rate, Tricentrol's seems also to involve an eleseems also to involve an ele-ment of double counting. The company appears to have allowed itself full PRT shelter chusion that moneyand the less on interest rates will be less under the new regime. That yet fully lucaused does not mean that interest accounted for. This may rates will fall tomorrow; it just means that the chances of a cut one greater than they were the oil prices, the valuation is still well above the highest market estimates.

estimates.

However, for Elf to maintain that the assets are worth less than 80p would seem to err in the opposite direction. Not only does the claim make its offer of 145p look unaccountably high, it must also make it difficult for Elf to explain any decision to increase the offer to the 165p or so which may be needed to win.

ended the day only six points down. This seems largely due to a marked change in thinking on interest rates. A week ago, the majority view was that the next move would be up, and probably soon. No-one now seems to expect a rise before the Budget, and there are optimists looking for a fall.

Bank lending apart, recent figures point to some cooling in credit for its courage - or obsti-nacy - in attempting to escape without calling in a counter-bidder. However, the details of

cent-owned Spanish subsidiary. being made each year with half of these.

Nissan and Ford study European venture

Union officials warned that the vote would almost certainly lead to an all-out strike, should the company fail to make significant improvements to its offer, which includes proposals for sweeping changes to working process.

ing practices.

The vote is one the highest majorities for strike action

tudy planned by the two com-transes. The study, expected to take a year, is to investigate the sup-

year, is to investigate the sup-ply to Ford of Europe by Nissan of a 4wd vehicle designed for Nissan already produces of a 4wd vehicle designed for the Europe and produced at 4wd vehicle, the Patrol, at this

Ford said only that the study would consider prospects for "s low-volume, utility 4wd vehito double output. It is seen as a rival to vehicles like the UK's Land Rover and Range Rover. Nissan is estimated to have sold about 23,000 units in

expansion in the near future set

Japanese ntility 4wd vehicls, the Suzuki SJ410. Around 10,000 are made each year by another joint venture company,

Spain is also the location for

a plant which makes a smaller

Western Europe last year out of a total market for utility 4wds of between 180,000 and 200,000 units. Spanish production, however, is estimated to have accounted for less than ational vehicles in the US.

Ford UK faces all-out strike over pay

FORD MOTOR Company's the 1984 Trade Union Act. 32,500 manual workers in Union leaders will draw up Britain have voted by a majority of more than 90 per cent to take industrial action over the the company for more talks on company's final three-year wage offer made before Christ-

recorded since secret pre-strike ballots were introduced under

Thursday.
The ballot, which was conducted after mass meetings on Wednesday, follows the most serious period of unofficial industrial action the company has faced since the late 1970s.

The official result of the bal-

lot, which drew a turn out of more than 85 per cent, will be announced next week, but officials of the main unions - the

the main Dagenham and Hale-wood plants had voted for strike action by more than 90 per cent. In South Wales, 96 per cent of

workers at the Brigend plant voted for action, and 97 per cent of workers at Swansea.
Ford's offer is the most far-reaching ever made in the car industry. While many engi-neering company's have con-cluded two year deals, three-year agreements are still a rar-

ity.
Under its final offer, the company offered an increase of 6.5 AEU engineering union, and the per cent for 1987-88, followed Transport and General Workby rises linked to the rate of ers' Union – said workers at inflation in the subsequent two

years. Its original offer in Octo-ber was based on a first year increase of 4.25 per cent. The company wants radical changes which would include the introduction of groups akin to quality circles, skilled men working on the production line, temporary workers to meet peaks in demand and skilled workers accepting semi-skilled workers as their appervisors. Group leaders would lead teams

In addition, the company has offered improved pensions benefits, eventual harmonisation of the terms and conditions of

of interchangeable production

UK monthly bank lending surges record £4.9bn

Continued from Page 1 fortable with base interest rates at around 9 per cent instead of their current 8½ per

cent.
The Government is, however, likely to wait for more compre-hensive data on the post-Octo-ber period before moving on December retail sales and, to

a lesser extent, November's Industrial production figures appear to show economic activ-Ity slowing.
Signs of a alowdown were also indicated yesterday by the release of figures for consum-ers' expenditure in the fourth

quarter of last year.
The presently unsettled state of the equity market and the pound's steady value against the D-Mark are also important factors arguing against an imminent rise in base rates.

The December rise in bank

lending compared with an average increase of \$3.6bn in the although the biggest increases occurred in property-related areas.

November, according to the Bank of England's preliminary estimates of monstary aggresitates.

appear too concerned by the than 40 per cent up on a year figures. The prices of gilt-edged ago. Advances to manufactur-securities fell aoon after the data was released, but recovered those losses and ended was finance for consumption. higher on the day.
Suspicion that the bank lend-

higher in December than a year ngo and lending to property development companies more than 40 per cent up on a year

The broad measure of money, M3, which includes money on deposit with the banks, grew by 22.8 per cent in the 12 months Suspicion that the bank lending figures were inflated by "round tripping" — where companies make money by issuing commercial bills and depositing the narrow measure of money, the funds with banks — were discounted by the Bank.

Detaits of lending by the biggest London and Scottish clearing banks, which accounted for a little more than 50 per cent of December's advances, indicated by between 2 per cent and 6 per cent in 1986 and by 6 per cent in 1985.

cent a year.
In December there were some unusual developments which lead to a contraction in broad money growth of £4bn in un-seasonally adjusted terms. Cap-ital raising totalling nearly £1bn had a contractionary effect on money supply.

The preliminary figures for consumers' expenditure show spending up 0.1 per cent in the

fourth quarter.

The Central Statistical Office sald the moderation in the growth of consumers expendi-ture reflected the slowdown in the rate of growth in retail sales during the fourth quarter. The CSO said expenditure

council's legal implications, to ensure these are acceptable.

Soviet move on Middle East

ister, as well as by Arab states, which are also trying to make diplomatic capital out of the recent disturbances.

Yeaterday, President Mubarak of Egypt said he was about to announce an unspecified peace initiative, saying swift action was needed in the light of events in the occupied This would be a very long light of events in the occupied territories. On Saturday, Arab land on a study of the new and the EC Commission.



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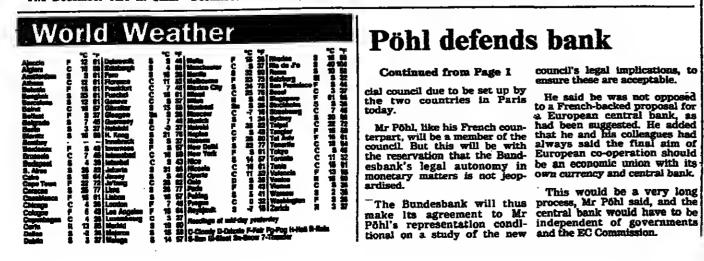
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday January 22 1988



US COMPUTER COMPANIES CONTINUE TO POST STRONG RESULTS

Amdahl jumps sharply ahead

AMDAHL, Data General and Prime have joined the ranks of BM's case, contained several 18 computer companies reporting sharply higher results, indicating the industry's health in the face of continuing stock market pessimism about the sector.

Weakness in high-technology stocks, particularly computer than expected its fourth quark market in recent days with 500 cents a share, from \$27.1m, or \$5 cents a market in recent days with 500 cents a share, from \$27.1m, or \$5 cents a market in recent days with 500 cents a share from \$27.1m, or \$5 cents a share, from \$27.1m, or \$5 cents a share, from \$27.1m, or \$5 cents a share from international Business Machines and Motorola Big profit increases from both years made the final nets of \$41.8m, or \$2.82, against \$1.2m, or \$2.82, against \$40.8m. Prime and evelopment on use prodocts, recovery from last year's heavy from says for the first quarter ating profit for the first quarter ating profit for the first quarter and the latest final profit \$1.24m, or \$2.74, compared with \$9.93m, or \$2.74m, or \$2.25, against from \$1.24m, or \$2.74m, or

Strong demand takes Motorola higher

BUOYED BY brisk demand for semiconductors, communications equipment and other electronics products, Motorola has turned in sharply higher fourth-quarter and full-year profits.

The results were at the low end of Wall Street estimates, however. Motorola's met mostic for the suggests. net profit for the quarter ended Decomber almost doubled to \$102m or 79 cents a share from \$68m or

Dart Group

tries again

to buy

retail chain

DART GROUP, the US retailer controlled by the Haft family of Maryland, has launched its

of Maryland, has launched its fourth attempt to buy a leading US retailer by offering to purchase Boston-based Stop & Shop Companies for \$30 a share in cash, or \$837m.

In a letter to Mr Avram J. Goldberg, chairman and chief executive of Stop & Shop, Dart said, the price represented a 49 per cent premium over Stop & Shop & stock price on Jamary 11, when but first notified the company of its interest.

In recent, years the Hafta have bid unsuccessfully for Sefeway, Supermarkets General and Dayton Hudson, dropping the Dayton offer

dropping the Dayton offer

after the October market

Crash.

Dart holds less than 5 per cent of Stop & Shop. It said it planned to combine the operations of Stop & Shop with its own New Stop & Shop unit.

It plans to raise some financing through PaineWebber, which has said it is confident it can arrange the remaining

it can arrange the remaining financing required to com-plete the transaction. In the letter, the Hafts said

terms of the offer were nego-tiable. They requested a meeting with Stop & Shop's management and board to reach a definitive agreement.

Yesterday, Stop & Shop-whose shares rose \$3 to \$20% in early trading, said its board would review Dart's

The company said Dart had asked it to exercise its option to remove barriers to the deal

under the Massachusetts anti-takeover laws and to eliminate "poison pill" defen-aive rights-

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49 cents a year earlier.
Full-year net was \$300m or \$2.30 a share against \$100m or \$1.53.

Revenues rose 14 per cent to \$1.85ba and \$6.71ba respectively, from \$1.62ba and \$6.71ba respectively, from \$1.62ba and \$5.86ba a year earlier.

Net profit margins on sales expanded to 5.5 per cent in the quarter from 3.3 percent a year earlier and to 4.5 per cent in the year

from 3.3 per cent.

Mr Robert Galvin, chairman, said: "Our core businesses are fundamentally sound. They can grow not only in absolute terms, but in market share as well. Wo have already benefited throughout the world from the leasen dollar. We have

the lower dollar. We have seen some improvement in access to markets in Japan." Fourth-quarter sales and

equipment were records while domand for other products was the highest of the year.

Sales of Motorola's semi-

per cent to \$2.19bn during the year and operating profits more than doubled to \$171m from \$81m. New orders rose 29 per cent and the order backlog grew \$1

Net profit margins on sales expanded to 5.5 per cent in the quarter from 3.3 per cent and to markets in access to markets in Japan." 1.6 per cent in the year fourth-quarter sales and fourth-quart

PAN AM, the troubled US inter- American Airlines.

PAN AM, the troubled US international airlina, yesterday onsted its chairman and deputy chairman in a boardroom shakeup which is likely to lead to a financial restructuring package within the next few weeks. Yesterday's removal of Mr Edward Acker, chairman and chief executive, and Mr Martin Shugrue, vice chairman and chief executive, and Mr Martin Shugrue, vice chairman and chief operating officer, was a key condition is id down by Pan Am's union leaders in return for negotiating pay concessions with the airline's board.

Am's union leaders in return for negotiating pay concessions with the airline's board.

The two executives, who have been embroiled in years of boardroom and labour control. Am's unions, which now appear versies, are being replaced by to hold the key to the airline's because frameial survival.

Three of the unions, represented.

senting pilots, flight engineers and flight attendants, have already agreed to \$110m worth of annual pay concessions. The Teamsters and Transport Workers, who represent ground

staff, are expected to agree to further concessions worth \$100m in exchange for shares and boardroom representation.

bilities for a financial rescue.

Recent negotiations with potential investors in Pan Am, including Mr Kirk Kerkorian and the Pritzker family of Chicago, have foundered partly because of disagreements between Mr Acker and Mr Shugree.

Lurned its attention to Emery Air Freight and says it is leading a group to buy about 5 per cent of the parcel carrier.

Towers said it was part of a joint venture with senior air freight industry leaders who would present a detailed restructuring plan for Emery.

Nedlloyd defends Fl 175m share plan

NEDLLOYD, the diversified. The statement said the pref- wegian businessman leading the

In a six-page statement, NedHoyd said the ahare issue, together with a F1 1bn writedown of mariue assets, was intended solely to improve

The issue, which must be approved by a shareholders' meeting on Monday, is opposed by a group of Norwegian investors who speak for about 10 per cent of the stock.

Mr Torstein Hagen, the Mr Torstein Hagen

day issued a lengthy defence of placed by four Dutch institutions, would carry a total of issue of preference shares, and only, 120 votes, producing distributions as unfriendly. The company regards the issue of preference shares, and only, 120 votes, producing distributions as unfriendly. The company regards the issue of preference shares, and only, 120 votes, producing distributions as unfriendly. The company regards the company regards the immaterial dilution of existing shareholders rights.

Gould takes \$115m charge in quarter

BY OUR FINANCIAL STAFF

quarter are expected to be well undersea surveillance systems. interest expense allocs above the 12 cents a share The group said the October discontinued operations.

GOULD, the Illinois-based electronics group, is to take a The Ocean Systems unit holds fourth-quarter charge of \$115m a contract to supply heavy on discontinued operations and weight torpedoes to tha US has agreed to sell its Ocean Systems torpedo unit to Wessell its one of the lower proceeds from the operations to be below expectations. Mr James McDonald, chair-aing to sell its antisubmarine division in Glen Burnie, Mary-land, which makes advanced operations had pushed up the underscent surveillance systems. The group said the October discontinued operations.

Union Pacific edges ahead to \$139m

- BY OUR NEW YORK STAFF

In the letter, the Hafts said they will continue Stop & Shop's current policies regarding employees and management, and will retain existing management. The company also said it plans to offer management and other key employees the opportunity to have an ownership interest in New Stop & Shop.

INION PACIFIC, the large US railroad, energy and transport group, yesterday reported an 8 per cent rise in net income to \$1.59.8m or \$1.23 a share in the fourth quarter, on a small decline in revenue to \$1.53bn.

Net income from continuing operations for the year was \$560.1m or \$4.90 a share, against \$484.7m or \$4.20.

against \$484.7m or \$4.20.

In 1986, Uolon Pacific took \$945m charges to earnings to account for restructuring costs.

The result for that year was a chemical plant raised earnings from continuing operations last year to \$582.9m or \$5.10 a \$105m

aided by dollar fall

CATERPILLAR, the leading US manofacturer of earth-moving: equipment which has been will entirely identified as one of the biggest beneficiaries—of the dollar, reported surging profits beneficiaries—of the dollar, reported surging profits but an explaint only moderate growth in physical sales volumes.

The company also admitted to suffering from product short ages which limited sales of 2.1 The company's amunal sales bestic models and cut into profit in 1987 in creased by \$859m.or margins. It suggested, however, it per cent to \$8.15bn. The fourth quarter because of \$1.5bn. Full-year net profit was boasted by a con-off tax benefit of \$31m. Full-year profits were also threatened strike, bad weather in the fourth was boasted by a con-off tax benefit of \$31m. Full-year profits were also of \$270.1 m or \$4.63 a share, company also admitted to suffering from product short ages which limited sales of 2.1 The company's ammual sales and integration of AirCal, a respect to the startup in the sale of some subsidiaries.

The suggested, however, in 1987 in creased by \$859m.or that shortages of production in 1987 increased by \$859m.or that shortages of production in 1987 increased by \$859m.or that shortages of production in 1987 increased by \$859m.or that shortages of production in the suggested, however, were only a marginal problem.

Sales would have been only a marginal problem of the fourth quarter reveal profi

LUBE CO. \$

Caterpillar rebound | AMR suffers small fourth-quarter loss

Roche lifts Sterling **Drug offer** to \$4.65bn

P. HOFFMANN-La Roche, the large Swiss pharmaceuticals group which is pursuing Sterling Drug of the US, yesterday increased its offer for the New York company for the second time in a week, to \$81 a share or \$4.65 m.

or \$4.65bn.
The new offer, \$5 a share better than last Monday's bid and \$9 - or more than \$500m - above the original offer on January 5, impressed Wall Street and analysts said the Swiss group should capture Sterling Days at this level

Drug at this level.
Stock in the US group rose
\$2% to \$78% yesterday morn-

ng. The New York-based company, which had sales of \$1.99bn in 1986, has repeatedly stated it wishes to remain inde-

Sterling Drug vigorously rebuffed Roche's earlier offers while it sought higher bids from friendly companies in the chemicals and pharmaceuticals

ndustries.

Towers to buy stake in Emery

and boardroom representation.

However the boardroom wish to bid for Pan Am, has ahakeup also raises other possibilities for a financial rescue.

Recent reget to shares it wish to bid for Pan Am, has turned its attention to Emery Air Freight and says it is lead. TOWERS FINANCIAL, the US

BankAmerica declines after special charges

BANKAMERICA, the secood largest US bank group, reported net profits of \$60m or 27 cents a share in the fourth quarter, 27 per cent down on the year-earlier level of \$82m or 44 cents.

The declice in profits was martly due to special charges martly due to special charges bank's reserves against largest US bank group, reported on Third World loans, Bank of 1980.

Its primary capital ratio improved to 8.37 per cent from 6.92 per cent at the end of 1980.

Its primary capital ratio improved to 8.37 per cent from 6.92 per cent at the end of 1980.

Secondary of 1980.

Its primary capital ratio improved to 8.37 per cent from 6.92 per cent at the end of 1980.

Secondary of 1980.

Second

ter against the bank's Third

sure.

Sure.

Sure.

Sure.

Mr A.W.Clausen, BankAmerica's chairman, said continued
progress had been made in
improving the quality of the
sure, against a loss of \$518m
or \$3,74 in 1986. Most of the
1987 loss was due to reserves
established in the second quarter against the bank's Third

Sure.

Mr A.W.Clausen, BankAmeriThird World loss reserves.
For 1987 as a whole, the bank
improving the quality of the
troubled bank's loan portfolio.
Net credit losses in the fourth
quarter were \$128m, compared
with \$163m in the third quarter

The loss was due to a charge of
Third World loss reserves.
For 1987 as a whole, the bank
a whole, the bank
a \$3.74 in 1986. Without the LDC
provisions, Bank of Boston said
it would have made net profits
of \$282m in 1987.

connected with about 5,000
staff cuts and other restructurings planned for 1988. Without these and other non-recurring these and other non-recurring cent of non-trade related expolice.

The bank's reserves against these ioans now at and at \$2.2bo, equivalent to 26 per cent of non-trade related expolice.

The last reserves against these ioans now at and at \$2.2bo, equivalent to 26 per cent of non-trade related expolice.

The last reserves against these ioans now at and at \$2.2bo, equivalent to 26 per cent of non-trade related expolice.

The bank's reserves against these ioans now at and at \$2.2bo, equivalent to 26 per cent of non-trade related expolice.

Buoyant GE advances by 19%

BY OUR NEW YORK STAFF

GENERAL ELECTRIC, the big group, yesterday reported a 19 from the \$12.27bn in the 1986 group, yesterday reported a 19 from the \$12.27bn in the 1986 per cent rise in fourth quarter net income to \$868m and expressed confidence in its business for the current year.

The group, which has been consolidating its manufacturing businesses and investing aggressively in high technology and financial services, said sales were \$12.03bn in the properties of \$750m, GE said.

This was down marginally from the \$2.49bn and \$2.73 a share in 1986. Sales rose 12 per cent to \$39.3i bn.

GE said some divisions recorded strong earnings growth, including financial services, the NBS broadcasting earnings by \$700m in the quarter, but this had been more than offset by restructuring aggressively in high technology and financial services, said sales are the size of \$750m, GE said. The group, which has been consolidating its manufacturing businesses and investing aggressively in high technology and financial services, said sales were \$12.03bu in the December quarter.

For the year, earnings rose 17 of debt to capital of 25 per per cent to \$2.91bn or \$3.20 a cent.

Alcoa expects recovery to continue

BY OUR NEW YORK STAFF

ALUMINUM COMPANY of America, the world's largest producer of aluminium, yesterday reported a dramatic improvement in sales and earnings for the 1987 fourth quarter of 1986 figure to \$165.3m or \$1.93 to red to the latest quarter of the latest recovery this year.

best performance since the late 1970s because of sharply higher ingot prices, reported net income for the December quarter of \$132.8m or \$1.50 a share against \$125.8m or \$1.45 increased to \$1.89bn from \$1.5bn.

ecovery this year.

Alcoa, which is enjoying its were up 24 per cent at \$1.44bn, with a 13 per cent increase in tonnage shipped.

Fourth-quarter net profits amounted to US\$136m or 81

January 19, 1988

Alexander & Alexander Services Inc.

has sold its wholly-owned subsidiary

Sphere Drake Insurance Group Public Limited Company

Sphere Drake Acquisitions (U.K.) Limited

a company formed by

Centre Capital Investors L.P. The Dai-Tokyo Fire & Marine Insurance Co., Ltd. Electra Investment Trust P.L.C. John Head & Partners LP Sphere Drake Management Partners

The undersigned assisted in the negotiations and acted as financial advisor to Alexander & Alexander Services Inc.

Salomon Brothers Inc

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Société Générale wreathed in legal fog

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Rabobank Nederland, London Branch

The Sanwa Bank, Limited

The Tokai Bank, Limited

CIC-Union Européenne, International et Cie (London Branch)

Facility/Tender Fund Agent

Morgan Grenfell & Co. Limited



Highlights from the Consolidated interim results to 31 December 1987

	Six months to 31.12.87 Rm's	Six months to 31.12.86 Rm's
Profit before taxation	160.8	121.9
Profit after taxation	138.9	94.1
Profit attributable to ordinary shareholders	137.3	91.1
Ordinary dividends	44.8	36.9
Earnings per share	1,862 cents	1,236 cents
Dividend per share	600 cents	500 cents

Profits attributable to ordinary shareholders included a special non-recurring dividend of R36.8M from Rustenburg Platinum Holdings Limited arising from the flotation of Lebowa Platinum Mines Ltd.

Interim Dividend No. 124 of 600 cents has been declared payable to shareholders registered on 5 February 1988. Date of payment will be 7 March 1988. (Currency conversion date 22 February 1988). Holders of share warrants to bearer should attend to the terms of a notice to be published late in February 1988.

The full interim report will be posted to shareholders and copies can be obtained from the London Secretaries, Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XE.

THE FINANCIAL TIMES PROPOSES TO PUBLISH THE FOLLOWING PROPERTY **SURVEYS IN 1988.**

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In accordance with the terms and conditions of the Notes, the rate of interest for the interest period January 22, 1988, to April 22, 1988 has been fixed at 64% per annum. Interest payable on April 22, 1988 will be ECU170.62 per Note of ECU10.000.

Agen1 Morgan Guaranty Trust Company of New York London Branch

THE DRAMATIC attempt by Mr had been ruled illegal by e Carlo De Benedetti, the Italian businessman, to gain effective control of Société Générale de Belgique, Belgiom's largest commercial and industrial holding company, entered a new period of legal uncertainty yesterday after two apprentix. terday after twn apparently evening) stepped in to stop contradictory rulings on the sactics employed so far.

Stock market analysts and other observers attached most had been issued chould not

other observers attached most significance to a statement late on Wednesday from the Belgian Banking Commission, clearly commercial court has a clear eodorsing the move by the Société Générals board, headed by Mr Rene Lamy, earlier in the week to issue new shares to friendly investors and thus dilute Mr De Benedetit's stake in the company. Mr De Benedetit's stake in the company. Mr De Benedetit's stake body which discreetly polices detti speaks directly or indirectly for 18.6 per ceot of Société Générals and bas ennounced his intection to make e partial affer for the recommendation made in its annual report, to the effect that rest. Société Générals's use nf authorised capital abould not lection nf mare than 1,200 suthorised capital as e "poison be used during the course of a share stakes in other businesses pill' defence against the bid takeover, Société Générale's covering most major industrial

action was permissable and financial sectors.

"because the Cerus offer is not yet formal."

The Banking Committed further received.

A spokesman for Societé Gén-érale claimed yesterday that the Banking Commission state-ment "shows that we were in the right all along" and indi-cated that moves would now be made to overturn the commermade to overhum the commercial Court's two decisions. He added that some shares had already been placed with new shareholders "in Europe, Asia, and North America," but that no more would be issued for the moment "in line with what the partial nffer. This is widely thought to be for an extra 15 the country of the partial nffer. This is widely thought to be for an extra 15 the country of the cou

Société Générale emphatically denied speculation thet "new shares had been issued to companies belonging to our group." Mr De Benedetti's attack has Mr De Benedetti's attack has sent shock waves through the Belgian political and financial establishment einee Societé Générale plays a pivotal role in the economy, with a huge collection of more than 1,200 characteristics.

The Banking Commission provided further encouragement for the defence by explicitly criticising the manner of Mr De Benedetti's share having spreelast week and saying that he should make no further purchases either on or outside the stock market.

the terms of Mr De Benedetti's partial nffer. This is widely thought to be for an extra 15 per cent of Société Générale equity which even after the successful use of the Board's "poison pill" could leeve him with between 20 per cent and 25 per cent of the courses. 25 per cent of the company.

Mr De Benedetti explained earlier this week that he would be happy to end up with about 25 per cent, but only after sell-ing back some of his holding to Belglan shareholders who would support his strategy and



Rene Lamy: facing

management aims. In this way he would be able to exercise

Norway to extend bank probe

NORWAY'S BANKING, NORWAY'S BANKING, Insurance and Securities Commission, which is to further probe the accounts of Den norske Creditbank (DnC), said yesterday that it will also investigate several other Norwegian banks.

DnC, the higgest bank in Norway, stunned the Oslo financial community on Wedacsday with the announcement of NErl.5bn (\$236.9m) of losses for 1987 and the resignation of its (SECOND) of losses for 1987 and the resignation of its chief executive. The annuncement was the direct result of the first phase of the commission's

investigation into DuC.

The commission's report made direct references to mismanagement of the bank and a lack of internal conand a sack of invertal coa-trols. The commission said that at least four to five other "medium-sized" Nor-wegian banks were also to be investigated for heavy losses which they incurred on securities transactions. on securities transactions.

Nurway's two other banks, Christiania and Bergen Bank, were described by the commission as "fair-ing well" based on informa-tion which it obtained dur-Ing recent investigations. As a result of the DnC loss disclosure, Norway's banks are being closely watched by the rating agen-

cies and in some cases have been downgraded. The DuC affair has also given rise to speculation that more heads in the bank are set to roll. Mr Ragnor Halvorsen, DnC's board chairman, said yesterday that he would ask the bank'e 45-member supervisory board to determine if board members, including himself, should also resign. A special committee is to be appointed by the advi-sory board to evaluate this

possibility and recommen-dations will be made by the middle of next month: DuC shares have fallen by more shares have fallen by more than a teath on the Oslo bourse this week, trading yesterday at NKr104.

An official of the Norwogian Bank Association emphasised the solidity of Nnrway's banks, which he said were still very strong.

They are able to meet their 6.5 per cent receives

"They are able to meet their 6.5 pcr ccnt recerves requirement", he said.
The NKrl.5bn loss which DnC expects to unveil for 1987 compares with nst profits in 1986 of Nkr327m.
The bank will not pay a dividend for last year.
The reverse follows losses of about NKr600m on securities transactions.

Printemps lifts Redoute stake

AU PRINTEMPS, the big French department ators group, has increased its shareholding in La Redoute from 20 per cent to 32.09 per cent, writes Our Financial Staff.

La Redoute, the largest mail nrder company in France, has long been a stack market takeover favourite. Societé Générale, the banking and financial group, holds 14.43 per cent.

Centre Re offers 'finite risk' reinsurance

A GEOUP of institutions including two big European insurers has invested \$250m in Centre Reinsurance Holdings, a new Bermuda-based company with the capacity to do more than \$750m of reinsurance business

Centre Re represents a new departure in the international reinsurance market, in which insurance companies lay off their risks by buying protection against losses which they could not take themselves.

It intends to start operating immediately, offering what Mr Steven Gluckstern, its presi-dent, calls "finite risk" reinsurdent, cans timite risk remainded in the first remainder in the first

other principal organisers were Mr Gluckstern and Guy Carpen-ter, the world's biggest reinsur-ance intermediary, a subsidiary of Marsh & McLennau, the insurance broker.

The investors include the Zurich Insurance Company, Kemper Reinsurance, the Hanmover Reinsurance Company of West Germany, and Morgan Portfolio Corporation, a subsid-iary of J.P. Morgan, the invest-

ing company.

It has taken more than six months to create Centre Re, partly because of widespread insurance industry scepticism about the venture's underlying concept and its value to reineurance buyers at a time when reinsurance fe becoming cheaper and more easily avail-

Centre Re's organisers invited 22 leading US property/casu-alty insurers to subscribe for chares in a private placement last May, but only one, the Kemper Group, agreed to do so, Mr Gluckstern said.

head of reinsurance operations 1980s – when reinsurers were for Berkshire Hathaway, Mr hit by huge losses arising Buffett's Nebraska-based holding company. capacity contracted drastically. Buyers were unable to find what are called "working lay-ers" of basic reinsurance cover.

ers of basic remanrance cover.

Mr Gluckstern said Centre Re
would aim to provide buyers
with "working layers," but it
would set a fixed limit on its
own liabilities to pay claims.
This limit would rarely be
more than twice the premiums paid by the reinsured company, Mr Gluckstern said.

But the result would be that Centre Re would be able to offer a stable source of reinsurance cover throughout the cyclical up-and-downs of the reinsurance business, Mr Gluck-stern said.

Havas expects 26% growth

HAVAS, the leading French advertising and communica-tions group privatised last year, expects to report a 26 per cent rise in net profits for 1987, on turnover up 14 per cent.

Group net profits, excluding minorities, are provisionally estimated at FFr530m (\$94.4m) to FFr540m, or FFr42 to FFr43 a share, compared with FFr425m or FFr34 in 1986.

were up an estimated 34 per cent at FFr360m to 360m, excelling the 20 per cent growth forecast at the time of the group's privatisation in May last year.

Havas forecasts a further 20

in profits

French tugboats change hands

FRANCE'S LEADING tugboat operator is to change hands.
Societe Provencale de Gestion Maritime (Progemar), which handles two-thirds of all porting operations in France with a fleet of 50 vessels, as well as running a fleet of 2,000 buses on land, is to pass into the control of Compagnie Francaise handles two thirds of an porting operations in France with a fleet of 50 vessels, as well as running a fleet of 2,000 buses double that of CFIT, which has on land, is to pass into the combarked on an ambiritions embarked on an ambiritions of CFIT as agreed to acquire a land, is profitable again.

CFIT has agreed to acquire a Backed by Elysees Investisee—

Backed by Elysees Investisee—

The company, headed by Mr Pierre Legras, now intends to expand into West Germany.

Mexico securities chief quits

The company said the expected advance for the year would reflect lower extraordinary expenses. Actual operating

BY OUR MEXICO CITY CORRESPONDENT

DANSKE SUKKER, the Danish

sugar refiner, increased earn-ings to DKr125m (\$19.6m) from DKr36m for the six months ended December 1987. It

expects to improve earnings for the full year from last year's DKr171m, according to an interim statement.

MR LORENZO Peon Escalante, President of the Comision Nacional de Valores, Mexico'e equivalent to the Securities and Exchange Commission, resigned this week as head of Mexico's volatile stock market.

His successor is Mr Patricio Ayala, 2 lawyer who recently completed 10 years' service as Mexico's representative at the inter-American Development Bank.

The change in command marks the end of an exception ally turbulent year which saw the Mexican exchange grow more than 329 per cent in dollar terms and then lose as much as 75 per cent of share value in the final quarter of the year.

In financial circles, Mr Ayala is viewed as a competent financial officer who has a reputshinter who have a decisive influence over what can or cannot happen on the stock market through control of the money supply and agencies like Nafinsa (the hass served at the Banco de Mexico and the Finance Ministry, and participated in the

Danish sugar refiner earnings rise

per cent improvement in oper-sting profits in 1988. In addition, FFr180m of exceptional profits are expected in 1987, compared with FFr161m recorded in 1986.

The friendly shareholders The friendly shareholders selected before the privatisation by the Finance Ministry, joined by the state-owned insurance group, UAP, have raised their combined stakes in Havas to more than a third of its capital. Along with the blocked shares held by group employees, this "hard core" now controls 35 per cent of the company's shares.

. . .

Havas' small shareholders expenses. Actual operating cialist, had a positive first half, profits would be lower than last year's DKr392m following a poor beet harvest, which was 25 per cent short of what producers reckon to get out of an expenses. The engineering subsidiary, November than half of the 732,000 who received three shares each in the May offer for sale had sold their stakes. sold their stakes.

NOTICE TO WARRANTHOLDERS OF

JAPAN COATED PAPER MFG. CO., LTD.

U.S. \$25,000,000 21/s per cent. Guaranteed Notes due 1991

with

Warrants NOTICE IS HEREBY GIVEN in accordance with Clause 4 (F) (iii)

of the Instrument by way of deed poll dated 12th August, 1986 made by JAPAN COATED PAPER MFG. CO., LTD. (the "Company") in connection with its issue of bearer warrants ("Warrents") to subscribe up to ¥3,920,000,000 for Shares of common stock of the subscribe up to ¥3,920,000,000 for Shares of common stock or to Compeny and Condition 11 thereof that, subject to the shareholders of the Company so resolving at the annual general meeting to be held on 29th January, 1988, the Company will change, with immediate effect from such date, its financial year-and from 31st October to 31st March. As a transitional measure, the Company will have a 5-month financial period from 1st November, 1987 until 31st March, 1988 end thereafter its financial year will be from 1st April until 31st March of the following year.

Accordingly, the record dates for the payment by the Company of annual cash dividends and interim dividends (being a cash distribution pursuant to Article 293.5 of the Commercial Code of Jepan) will become 31st March and 30th September in each

The Dividend Accrual Pariod will henceforth be the 5-month period from 1st November, 1987 to 31st March, 1988 and thereafter period from its November, 1997 to 31st march, 1998 and thereares each 6-month period ending on 31st March or 30th September in each year. Except for the change in the Dividend Accrual Period, the Terms and Conditions of the Warrants shall remain unmodified and with respect to any samual cash dividend or interim dividend payable on the Shares issued upon exercise of Warrants, such exercise shall be deemed to have taken effect at the beginning of the Dividend Accruel Period in which it occurs.

If the resolution in question is not passed a further notice to that effect will be published.

Nobuhiko Sato

22nd January, 1988

JAPAN COATED PAPER MFG. CO., LID. President and Representative Director

NOTICE OF REDEMPTION

General Electric Credit International N.V.

To the Holders of

11% Guaranteed Notes Due 1991 (guaranteed by General Electric Capital Corporation) The foregoing Corporations are affiliates of General Electric Company, U.S.A. (General Electric Capital Corporation was former known as General Electric Credit Corporation)

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement, dated as of February 15, 1984, emong General Electric Credit International N.V., General Electric Capital Corporation, as Guarantor, and The Chase Manhattan Bank (National Association), as Fiscal and Paying Agent, and paragraph 5(a) of the Terms and Conditions of the above-mentioned Notes (the "Notes"), at of the Notes will be redeemed on February 15, 1968 (the "Redemption Date") at the price of 101,50% of their principal amount (the "Redemption Price"). Interest due on the Redemption Date will be paid in the usual manner. On and after the Redemption Date, the sole right of a holder of a Notes shall be to receive the Redemption Price plus interest accused on the Note to the Redemption Date. Interest on the Notes shall oesse to accuse from and after the Redemption Date. Payment of the Redemption Price will be instead upon presentation and surrander of the Notes, together (in the case of bears Notes) with all appurtment coupons maturing subsequent to the Redemption Date, at any of the paying agences lated below. In the swent any such unmanured coupons fail to be presented, the amount of the missing coupons will be deducted from the Redemption Price.

The Clase Markette Benk, N.A. London Branch Woolgale House, Colonian Street London EC2P 2HO, England Banque de Commerce, S.A. Main Office

Coupons which shall have matured on or prior to the Redemption Date should be detached, presented, and surrendered for payment in the usual minimum.

Payment on any Note made within the United States, including by transfer to a United States dollar account maintained by the payse with a bank in The City of New York, many be subject to reporting to the United States internal Revenue Service (IRSS) and to back up withholding of 20% of the gross proceeds (including premium and accrease in the payee talls to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person, or an executed IRS Form W-8 in the case of a non-U.S. person, or an executed IRS Form W-8 in the case of a non-U.S. person of New York, if payment is made outside the United States, Information reporting to the IRS will only be required upon such payment made outside the United States, Information resporting to the IRS will only be required upon such payment made outside the United States if made to U.S. persons in certain circumstances. Those U.S. inciders who are required to provide their correct tempayer identification number on IRS Form W-8 and who fail to do so may also be subject to an IRS pensity of U.S. 350. Accordingly, please provide any appropriate cartification when presenting the Notes for payment.

GENERAL ELECTRIC CREDIT INTERNATIONAL N.V.

Detect January 15, 1988

By: The Chart Haribetten Bank (Netional Association), an Fiscal and Paying Agent

INTL. COMPANIES AND FINANCE

Chris Sherwell explains how the 'big Australian' shook off its predators

Market crash helps BHP shed its shackles

IT TOOK last October's crash in share market prices and 16 weeks of hard negotiation but the remarkable tripartite deal-settling the future of Austrasettling the Inture of Australia's largest company was finally concluded at 5.15pm Melbourne time yesterday.
Looking relieved, Mr Brian Loton, the chief executive of Broken Hill Proprietary (BHP), immediately went before the country's print and broadcast media to announce the terms and began a round of interviews lasting deep into the night.

views lasting deep into the night.

The main message from what he said, and from the many broking analysts who were caught by surprise by the announcement, was that it ended years of instability in BHP's share register and dispelled much of the uncertainty surrounding the group's future.

Cines 1982 the steel mytro-Since 1983 the steel, petro-

Since 1983 the steel, petro-leum and resources group has been in the takeover sights of Mr Robert Holmes à Court, the Perth-based entrepreneur. His Bell Resources had built up a 28 per cent stake by 1986, and he made no secret of the fact that he wanted more.

A temporary peace pact was agreed in October of that year after Mr John Elliott's Elders IXL brewing and agribusiness group suddenly acquired 19 per cent of BHP. Although neither could increase its BHP holding without a talcover, it meant BHP was under the control of BHP was under the control of two unfriendly parties.

Yesterday's agreement changes all that. Uoder its terms, both Mr Elliott and Mr Holmes & Court leave the BHP board and their shareholdings are reduced or altered in a way that leaves the group with a degree of latitude and stability it has long coveted.

Mr Loton, though reluctant to talk of winners and losers in the arrangement, could scarcely yesterday's agreement, the

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A jubilant Brian Loton (centre), Robert Holmes a. Court (left) and John Elliott

conceal his delight at the outcome last night. "Game, set and match," he declared. "The tournament'a over."

The real winner, of course, was the abare market. Had it not plunged so far — hitting Mr.

As will give him A\$2.1bn cash and take the total he has realised will not plunged so far — hitting Mr.

As will not be a subsidiary of BHP, and control of it will lie with a large state of the structure of its ownership. The company will not be a subsidiary of BHP, and control of it will lie with a large state of the structure of the state of the structure of the state of the structure of the state of the state of the state of the state in BHP to guivalent to about 23 per cent.

But it will ensure the stability of BHP, Mr Lotoo insisted yesterday, because of the structure will not be a subsidiary of BHP, and control of it will lie with a

match," he declared. "The tour-nament's over."

The real winner, of course, was the abare market. Had it not plunged so far – hitting Mr. Holmes a Court's Bell, empire more painfully than most – Mr. Loton would have been in no position to secure this deal. He knew that neither Mr where - so the w Holmes a Court nor Mr Elliott ter once again. were comfortable with a situa-tion in which the dividends from their large holdings were failing to cover holding costs and the share prices of BHP, Bell and Elders looked like

three months after the October remaining weak.

That said, Mr Holmes à Court almost certainly bows out unrepentant. On paper, he has lost anything between A\$150m (U\$\$107m) and A\$250m on his five-year foray into BHP. That brings his losses since the crash close to A\$450m.

But he has again defied those But he has again defied those who said he was illiquid. Under vesterday's agreement, the

On the assumption that his dream of owning BHP has been shattered, he can now be expected to turn his attentions elsewhere - so the world is his oys-

As for his preparedness to enter this oew BHP arrange-ment at all, this is being taken as a sign that he is still bearish about world stock markets three months after the October

is spending roughly A\$1bn, effectively to buy back shares in itself - a move which, in turo, will automatically increase its earnings per share.

The other key feature of the deal concerns BHP's board. Mr Holmes à Court and Mr Elliott are being replaced by Sir Eric Neal, former chief executive of Boral and one of the country's most talented concerns the country's most talented corporate manag-ers, and Mr David Asimus, the respected outgoing chief of the Australian Wool Corporation.

ing of a range of unspecified but non-strategic investments

and assets to realise at least

As it is outlaying A\$2.1bn to Mr Holmes à Court and putting up A\$575m for the joint venture with Elders, this means it

On top of this, four BHP exec-orives are being added to the board to make the total five out of 16. The addition of career professionals with line manage ment responsibilities is expec ted to improve the group's deci-sloo-making and

The importance of this move cannot be underestimated. Ana lysts agree that BHP got itself into its bind in the first place at shares which will vote in accor-dance with BHP as a whole. Elders has been motivated to eoter the whole transaction because its BHP holding was not really leading anywhere, particularly in the wake of the share market collapse. It was least partly because it failed to distinguish adequately between the interests of its shareholders and those of the board.

Some also point out that since it became a share market football, its performance has more like a protector.

More importantly Elders has actually improved, helped no doubt by the contributions of Mr Holmes à Court and Mr Ell-More importantly Elders has wanted to get on with other things – Its own suspeoded restructuring, called off after the crash, and more recently its acquisition of NZ Forest Products in New Zealand through Elders Resources. Under the deal, it will net about A\$1bn.

Now it has the chance to build on that - to combine its new-found latitude and strong cash-flows, to get on with its businesses and justify its posi-Because BHP will be retiring the 300m shares bought from own 200m shares in Elders (a pany. No ooe, however — not 13 per cent stake held by the joint venture company will become A\$700m. It will also be dispost threat.

the company obtained a state-guaranteed loan of R150m.

Mr Watson said this would have been sufficient except for a disaster in October 1986,

when earth tremors caused a collapse in the mine and 17 peo-

The repair work and precau-tions taken to prevent a recur-rence of the disaster cost the output of three tonnes of gold

and consequent loss of cash flow, said Mr Watson.

Unaudited figures show East Rand Proprietary suffered a R64.1m last year on revenue of

The 1986 rights Issue was

taken up in respect of 97.2 per cent of the issued capital, but Mr Knobbs can give no indica-tion of the attitude of his mainly French shareholders

Standing in the wings to take control, should the rights issue

flop, is Rand Mines, the mining arm of the Barlow Rand group, which owns 18.7 per cent of East Rand Proprietary and is

underwriting part of the issue. This could take the Rand Mines

shareholding in East Rand Proprietary to a maximum of 60

The remaining 40 per cent of the shares are being underwrit-ten by First National Corporate and Investment Bank and sub-

underwritten io South Africa

per cent.

ple were killed.

DnC

US\$300,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE 1996

Notice is hereby given to the holders of the above mentioned notes (the "Notes") of Den norske Creditbank (the "Bank") that, in accordance with the terms of condition 4 (d) of the Terms and Conditions of the Notes, the Bank has determined that, as from the Interest Payment Date falling due on February 24, 1988 (the "Conversion Date") all outstanding Notes shall be converted into an equal principal amount of Principal Properties Perpetual Floating Rate Notes (the "Perpetual Notes").

Notes').

Upon the Conversion Date, unless delivery of the relevant Perpennal Notes is improperly withheld or refused, interest shall cease to accrue on the Notes called for conversion and the Notes shall become void for all purposes other than surrender in exchange for Perpetual Notes and the Bank shall have no obligation in respect of repayment of the principal thereof.

principal thereof.

The Perpetual Notes will have no final maturity and will rank after all other subordinated debt of the Bank and in a winding up of the Bank will be treated as preference shares in the capital of the Bank.

The Perpetual Notes will be ar interest from the Conversion Date and interest on the Perpetual Notes will be psyable semi-annually in arrears on the Interest Psyment Date in February and August of each year, commencing August 1988, at a rate equal to 0.15 per cent above the arithmetic mean of the London interbank offered rates for six-month Eurodollar deposits.

Notes for conversion should be presented and surrendered to the

Notes for conversion should be presented and surrendered to the Paying Agents in London or Lunembourg, as shown on the Notes, on the Conversion Date with all interest coupons maturing subsequent to

Coupons one February 24, 1988 should be detached and presented for payment in the usual manner.
Outstanding as at February 24, 1968: US\$200,000,000.
(US\$100,000,000 has been purchased and cancelled by Den norske.

January 22, 1988, London By: Githank, N.A. (CSSI Dept.) London, Principal Paying Agent

CITIBANCO

COMMUNAUTE URBAINE DE MONTREAL (MONTREAL URBAN COMMUNITY)

US\$50,000,000 FLOATING RATE NOTES DUE 1989

Bondholders are hereby informed that the rate applicable to the 8th period of interest has been fixed at 7.50% per annum.

The coupon No. 8 will be payable on the 20 July 1988 at the price of US\$379.17 representing 182 days of interest, covering the period as from 20 January 1988 to 19 July 1988 inclusive.



The Reference Agent

22 January 1988 .

U.S. \$60,000,000

Industrias Peñoles, S.A. de C.V.

Floating Rate Notes Due 1989

Interest Rate Interest Period

10% per annum 22nd January 1988 22nd April 1988

Interest Amount per U.S. \$10,000 Note due

U.S. \$252.78 22nd April 1988

Credit Suisse First Boston Limited

East Rand Proprietary plan to cut mine costs by one-third

trustee holding just 1,000 shares which will vote in accor-

BY KENNETH GOODING, MINING CORRESPONDENT

Africa, had come down slightly between them own 52 per cent to \$540 a troy ounce of gold. of the 11m issued shares. by 1992, when the Far East
Vertical shaft system has been shares are in British hands, so

The recovery grade, which has already edged up from 3.4 grams of gold a tonne to 3.9 grams as the benefits from the expansion – 80 per cent completed – are already being felt, issue raised a further R47m and

PLANS TO revive South
Africa's — and possibly the
World's — highest-cost gold
mine have been outlined to
European Investors by East
Rand Proprietary Mines.
The company is asking shareholders for more money to complete an expansion programme,
which, it says, will bring down
the cost of recovering gold by
more than a third.

Mr Clive Knobbs, the chairman, said that in December
working costs of the mine, one
of the most historic in South
Africa, had come down slightly

will improve to 4.08 grams by
1992.

The company's mine, at Boksburg ou the Witwatersrand,
employs 18,000 and is now 93
years old. During its lifetime,
about 170m tonnes of ore has
been mined to produce 1,500
original finance for the profet came from France and in
1927. East Rand Proprietary
gained a quote on the Paris
bourse.

Today the company has about
8,000 French shareholders, who
between them own 52 per cent

completed and the mine is reapite was important for Mr ing the full benefits, the cost Knobbs, and Mr Martin Watson, ring the full benefits, the cost will be \$333 an ounce in 1987 values.

This will put it in the middle rank of South African mines, but still well behind some of the nearly North American and The rights issue now pro-

but still well behind some of the newer North American and Australian gold producera, whose costs are under \$250 an ounce.

In 1992, the East Rand Proprietary mine will be capable of producing more than 18 tonnes of gold a year, compared with the present nine tonnes, said Mr Knobbs.

The rights issue now proposed is the third capital-raising exercise designed to finance the FEV project. In 1980, East Rand raised R60m from share-holders to help finance what was then to be a R300m (\$152m), five-year scheme.

That was halted after cash resources had been depleted by dividend.

First-half profits rise at

at Dai Nippon Printing

UNCONSOLIDATED NET earn- such commercial publications

The Republic of Panama

U.S. \$50,000,000

Floating Rate Serial Notes due 1991

For the six months

25th January, 1988 to 25th July, 1988

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest

has been fixed at 6 per cent. per annum, and that the interest psychle on the relevant interest psyment data, 25th July, 1988 against Coupon No. 18 will be U.S. \$202.22.

The Industrial Bank of Japan, Limited Agent Bank

Profits soar 90% to record at Investcorp

By Our Financial Staff

ARABIAN Investment Banking Corporation (Investcorp) increased 1987 oet profit by nearly 90 per cent to a record \$28.8m and is paying a \$15m cash dividend to shareholders.

UNCONSOLIDATED NET earnings for Dai Nippon Printing in the first half-year, to the end of November, rose by 8 per cent to Y13.86bo (\$104m) from Y12.96bn a year earlier. Earnings per share were Y20.42, up from Y20.19.

Sales at Japan's largest printing company went up by 7.5 per cent, to Y408.09bn, from Y379.49bn in the same period of the previous year. The Bahrain bank's return on average assets rose to 5.9 per cent from 4.5 per cent in 1986, while the return on sharehold-ers' funds fell to 22.9 per cent from 24.3 per cent.

Y379.49bn in the same period of the previous year.

Dai Nippon is not planning an interim dividend, because of a change to its fiscal year, which covers only 10 months this year. It paid Y5 a share for the previous year.

Revenue from the printing of per cent of business.

For the 10-month fiscal year, the company expects sales to total about Y670bn, and oet earnings to total about Y22.7bn. In the previous 12 months, sales amounted to Y764.72bn and net earnings Y26.584n. The divideod represents a constant 15 per cent of paid-up share capital, but the payout rises from \$7.5m for 1986 because of a doubling of capiThis announcement is neither an offer to buy nor a solicitation of an offer to sell these securities.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and is not being made to, and tenders will not be accepted from, holders in any jurisdiction in which the malang or acceptance thereof would not be in compliance with the laws of such jurisdiction.

NOTICE OF OFFER

by AMERICAN MEDICAL INTERNATIONAL N.V.

To Purchase for Cash its

Zero Coupon Guaranteed Bonds Due August 12, 1997 at U.S. \$332.93 net per U.S. \$1,000 bond,

Zero Coupon Guaranteed Bonds Due August 12, 2002 at U.S. \$191.03 net per U.S. \$1,000 bond.

The purchase prices stated above are equivalent to the accreted value of the Bonds on March 4, 1968, plus a premium of 1442% on the 1997 Bonds and a premium of 1552% on the 2002 Bonds. If Bonds are accepted for purchase, payment will be made an or about March 4, 1968. Bonds will be accepted for purchase only if they have been voted in favor of certain Indenture amendments to be considered at Bondholders meetings noticed for February 11, 1968 or any adjournments thereof the "Meetings". The Offer is conditioned on approval of the Indenture amendments of both Indentures. The Deposit Certificate distributed in connection with the Meetings includes a proxy to vote tendered Bonds in favor of the proposed amendments. In the case of each issue, such amendments may be approved by the lesser of (a) a majority in principal amount of Bonds outstanding, or (b) 75% of the principal amount of Bonds represented and voting at a meeting at which a quorum is present. If a quorum is not present, the Indentures provide that adjourned meetings may be held (upon published notice) at which the quorum required would be 25% in principal amount of the Bonds.

If the Indentures for both issues are amendments will be accepted for purchase.

THE OFFER WILL EXPIRE AT THE CLOSE OF BUSINESS ON FEBRUARY 11, 1988 UNLESS EXTENDED. TENDERS WILL BE IRREVOCABLE EXCEPT THAT AFTER MARCH 30, 1988, BONDS TENDERED AND NOT ACCEPTED FOR PURCHASE AND PAYMENT PRIOR TO THAT DATE MAY BE WITHDRAWN WHETHER OR NOT THE OFFER THEN REMAINS OPEN.

Bonds may be tendered without physical delivery if such delivery is guaranteed by a bank (including the Depositary), banker, trust company, or member of the New York, London or other recognized stock exchange, on the Guarantee of Delivery form included in the Letter of Transmittal, subject to the conditions stated therein.

The Company will pay a solicitation fee of U.S. \$1 per U.S. \$1,000 Bond for each Bond purchased pursuant to the Offier which is tendered by or forwarded through a bank, banker, trust company, or member of the New York, London or other recognized stock exchange.

Copies of the Offier, the Deposit Certificate and the Letter of Transmittal may be obtained from any of the following:

Morgan Guaranty Trust Company of New York 14. Place Vendome 75001 Paris, France Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York U.S.A. 10015

Morgan Guaranty Trust Company of New York Morgan House, I Angel Court London EC2R 7AE England

Morgan Guaranty Trust Company of New York Avenue des Arts 35 1040 Brussels, Belgium

Banque Internationale a Luxembourg S.A. 2. Boulevard Royal Luxembourg, Luxembourg

AMERICAN MEDICAL INTERNATIONAL N.V.

Murgan Bank Nederland N.V. Tesselschadestraat 12 1054 ET Amsterdam The Netherlands

Swiss Bank Corporatioo

Gartenstrasse 9 CH-4002 Basle

Dated: January 22, 1988

NOTICE OF MEETINGS AMERICAN MEDICAL INTERNATIONAL N.V.

Zero Coupon Guaranteed Bonds Due August 12, 1997 Zero Coupon Guaranteed Bonds Due August 12, 2002

NOTICE IS HEREBY GIVEN that meetings (the "Meetings") of the holders of the Zero Coupon Guaranteed Bonds Due August 12, 1997 and the Zero Coupon Guaranteed Bonds Due August 12, 2002 (the "Bonds") of American Medical International N.V. [the "Issuer") have been called by the Issuer. The Meetings will be held at Morgan Guaranty Trust Company of New York, The Conference Centre, 3rd floor, 1 Angel Court, London EC2R 7AE, London, England on Thursday. February 11, 1988 at the hour of 2:00 o clock in the afternoon, London time. The Issuer has announced that it

Centre, 3rd floor, 1 Angel Court, London EC2R-7AE, London, England on Thursday, February 11, 1988 at the hour of 2:00 o clock in the afternoon, London time. The Issuer has announced that it proposes to make an offer to purchase the Bonds.

At the Meetings, Bondholders will be asked to approve amendments i the "Amendments") to the Indentures, dated as of August 12, 1982 (the "Indentures"), among the Issuer, American Medical loternational, Inc., as guarantor (the "Guarantor"), and Morgan Guaranty Trust Company of New York, as Trustee (the "Trustee"), pursuant to which the Bonds were issued. Such Amendments will eliminate Sections 4.06 through 4.11 of the Indentures, which contain the financial covenants of the Issuer and the Guarantor.

In accordance with the provisions of the Indentures, the resolutions to be submitted to the Meetings, in order to be effective with respect to each issue of the Bonds, must be approved or decided by persons entitled to vote the lesser of (1) a majority to principal amount of each issue of the Bonds at the time outstanding or (ii) 75% in principal amount of each issue of the Bonds represented and voting at each Meeting, provided that a quorim is present. The persons entitled to vote a majority in principal amount of each issue of the Bonds while time the persons cottifed to vote 25% to principal amount of each issue of the Bonds at the time outstanding shall constitute a quorum.

In order to be entitled to vote at the Meetings or adjournments thereof a person must either be a holder of one or more Bonds or a person appointed by an instrument in writing as proxy by the holder of one or more Bonds deposited at any of the offices referred to below ("Depositary Offices") no later than one business day prior to the Meetings or such adjournments or deposited with the Chairman of the Meeting at any time prior to the Meetings or such adjournments. The holding of Bonds shall be proved by production at the Meetings or such adjournments or Bonds or of a dated deposit certificate executed by a

bearing specified identification oursbers were deposited with or exhibited to such bank, banker, trust company or stock exchange member. The signature on any proxy deposited as aforesaid must be witnessed or guaranteed by a bank | Including the Trustee | banker, trust company or member of the New York, London or other recognized stock exchange.

Copies of the proposed first supplemental indentures setting forth the Amendments are available for inspection during normal business hours at, or can be obtained on application to, any of the Depositary Offices. Forms of proxies and deposit certificates oppropriate for use at Meetings or adjournments thereof together with instructions for voting by Bondhulders at the Meetings can also be obtained at any of the Depositary Offices.

DEPOSITARY OFFICES

Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York U.S.A. 10015

Morgan Guaranty Trust Company of New York Morgan House, 1 Angel Court London EC2R 7AE England Murgan Guaranty Trust Company of New York

Avenue des Arts 35 1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York 14. Place Vendome 75001 Paris, France Morgan Bank Nederland N.V. 1054 ET Amsterdam,

> Swiss Bank Corporation Gartenstrasse 9 CH-4002 Basie

Banque Internationale a Luxembourg S.A. 2. Boulevard Royal

MORGAN GUARANTY TRUST COMPANY

Dated: January 22, 1988

Co-operative Bank p.l.c. (Incorporated in England under the Companies Acts 1948 to 1980)

£75,000,000

Subordinated Floating Rate Notes 2000 Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 21st January, 1988 to 21st April, 1988 the following

information will apply: 1. Rate of Interest:

2. Interest Amount payable on Interest Payment Date:

9% per annum

Per £5,000 nominal or

Per £50,000 nominal

3. Interest Payment

21st April, 1988

Bank of America International Limited

1,1

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£300,000,000 Floating Rate Notes 1994

Notice is hereby given that the Notes will bear interest at 9.0175% per annum for the interest period 21st January, 1988 to 21st April, 1988. Interest payable on the relevant interest payment dote. 21st April, 1988 will amount to £112.10 per £5,000 Note

and £2,242,06 per £100,000 Note. Agent Bank:

Morgan Guaranty Trust Company of New York

£1.118.85

Clare Pearson looks at a financial centre which grew 44 per cent last year

Luxembourg steps out of the shadows

THE DOLLAR may have plummeted and world stock markets crashed, but the Luxembourg franc capital market has gone from strength to strength over the past year.

Indeed, sustained by its loyal local investor base, this robust little domestic market actually grew 44 per cent in size in 1987. This year, it appears likely to be taken more seriously as a source of funds by an increasing number of prestigious international borrowers.

Moreover, it is apparently

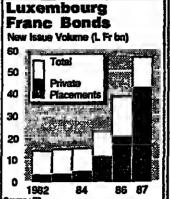
strong arguments for increasing their new issue volume — in sour their new issue volume — in suse in the Eurobond market. Borrowers in Luxembourg banks. Banket. Borrowers in Luxembourg main Luxembourg banks have revenue up for months, or even years, to issue bonds.

Order is maintained by a combination of a limited number of regulations and enlightened self-interest among the handful of Luxembourg banks which in their new issue volume — in syndicated by the half-dozen main Luxembourg banks. Banket. Borrowers in Luxembourg banks never overdo their new issue volume — in syndicated by the half-dozen main Luxembourg banks have res were slightly shaken last Nov only is the Monetary loved to such a move, but the banks of regulations and enlightened self-interest among the handful of Luxembourg mainteneds and enlightened self-interest among the handful of Luxembourg banks which last their new issue volume — in syndicated by the half-dozen main Luxembourg banks last hough Luxembourg banks savings institutes belleved to be opposed to such a move, but the banks as very sightly shaken last November, however, when a such a such as the Eurobond main luxembourg banks last per cent of these deals are still their new issue volume — in syndicated by the half-dozen main Luxembourg banks last hough Luxembourg banks last. Borrowers in Luxembourg banks were slightly shaken last November. November, however, when a such as the Eurobond and a such as the Eurobond per cent of these deals are still shou little domestic market actually grew 44 per cent in size in 1987. This year, it appears likely to be taken more seriously as a source of funds by an increasing number of prestigious international borrowers. Moreover, it is apparently thriving on the preservation of limitations that other markets around the world have been rushing to throw off. It has a rushing to throw off: It has a strict new issue calendar, ceil-

ings on issue size, and a very limited secondary market. It is not that the market operates entirely in isolstion from the rest of the world - indeed, investors' growing interest in Luxembourg is partly a response to their increasing concern about the functioning of the so-called global markets, prompting them to keep their money at home.

As Mr Paul Waringo of Ban-que Générale du Luxembourg puts it, "a certain turmoil in the currency markets" has scared the private investors of Luxem-bourg and Belgium away from buying foreign currency bonds. In particular, though the pic-In particular, though the picture may be brightening for the for Danish kroner bones, continue may be brightening for the for Danish kroner bones, continue may be brightening for the they feel sufficiently compensated in double-digit yields for manufactures of the currency.

Hungarian



gium - are free of withholding

Luxembourg investors have bad steadly less induce-ment to add to their holdings of foreign currency bonds, although they do have a liking for Danish kroner bonds, since

ECU **A.**

are regular lead managers. So the market has never been lib- which, though not legally inter-eralised but has, rather, changeable, can be viewed by evolved at its own stately pace.

Nobody really wants more freedom at the moment; it works perfectly as it is, says much to improve the quality of borrowers in the market, bond and loans syndications at attracting names like the Bel-

in between the aubscription periods for these deals. The market is currently entering upon a private placement phase following the early closure of the subscription for the most recent public band for the European investment Beat Park pean investment Bank. Although there is now no limit to the number of place-

ments that may be squeezed in, the banks keep volume closely in line with demand. Private placements, which come in denominations of

Frivate placements, which come in denominations of LFr1m, may not exceed LFr300m. However, many borrowers have followed the example set by the Council of Europe last spring, and issued a series which, though not legally interchangeable, can be viewed by the issuer as the same borrowers.

only a bid price to clients.
Nevertheless, Kredietbank,
Sogénal and Banque Générale
du Luxembourg recently

declared their Intention to quote regular two-way prices in about 30 of the most recent public bonds. This looks to some like an attempt to meet a non-existent need, since private investors who make up the bulk of the market's investor base normally hold bonds to matu-

a market.

However, other bankers dismiss the possibility that a trad-ing market in Luxembourg franc bonds will ever develop. Since retail investors tend to moment, they have deserted it sated in double-digit yields for kredietbank's Luxembourg subin droves over the last two the weakness of the currency.

Another reason for the marThere have in any case been ket's healthy state is that Lux
There have in any case been the surricentity companies, and tuck their paper away, there is Electricité de France. On the usually little of an issue left to face of things, it presents an trade and dealers are scared to argument for the size ceiling on go short.

September quarter's 2.06m tonnes and 6.74 g/t.

Elandsrand returned production to pre-strike levels as, too, did South African Land (Saldid South African Land (Sallies). Ergo, which reprocesses old residue dumps on the East Rand, was relatively unaffected by the August strike. None the less, it raised grade and gold production during the December quarter and has continued to recommend the continued to the statement of the second stricts to additional to acquire rights to additional residue dumps in the area.

Rand-denominated gold prices received by the mines were lit-tle different from those of the September quarter. However, restoration of full production allowed Elandsrand, Vaal Reefs and Sallies to reduce unit working costs per tonne. Freegold's unit costs rose comparatively sharply, to R96.70 per tonne.

Rally in US Treasuries sparks new issue sector

"IT'S JUST like the old days," said an exuberant syndicate manager yesterday: three new Eurodoliar bonds, all eagerly gobbled np by investors amid a strongly rallying US Treasury bond market, and turnover in excess of \$100m on one primary market desk alone.

The contrast with the Eurobond market's lethargic mood during the second half of last year, and especially after the stock market crasb, could hardly have been more pointed.

hardly have been more pointed. A resurgence of confidence in the dollar in the wake of encouraging US trade figures, announced a week ago, means syndicate managers are back in

Confidence is not yet strong enough for most investors to extend maturities very far, so shorter-dated bonds are meet-ing the most solid demand. Yet interest in longer-dated deals, mainly from trading-orientated buyers, is enough to sustain seven-year bonds for good names, so long as their yield apreads over US Treasury

bonds look attractive.

Lead-managers of two of yesterday's bonds, for Japan Finance Corporation and Export Development Corpora-tion of Canada, enjoyed a stroke of luck in issuing tha bonds early in the morning. This was ahead of the rally in US Treasuries, after central banks had supported the dollar, so their pricings were looking extremely cheap by mid-after-noon.

Japan Finance Corporation had in any case followed the example of Nippon Telegraph and Telephone, which brought a similarly dated deal earlier in the week, and provided a fat yield differential on its \$150m

even-year bond. Lead-manager IBJ Interna-Lead-manager IBJ Interna-tional priced the 9% per cent deal at 101% to give an 80 basis points pick-up over the Trea-sury yield curve. The spread tightened during the morning, but was restored later as the Eurobond sector lagged the Treasury market's gains. The bond closed around less 1.40 bid against 12 per cent face

Credit Suisse First Boston, meanwhile, achieved a blow-out success with a \$200m three-year bond for Export Development Corporation of Canada. This seemed to be exactly what Swiss investors (who are fond of Canadian borrowers and are big bayers of shorter-dated paper) were looking for.

paper) were looking for.

The 8% per cent issue, priced at 100%, yielded about 50 basis points over comparable US
Treasury bonds at launch. This differential tightened by about 10 basis points and the bond traded as high as less 1 bid.

Maryll Lynch International

issued a three-year bond only last week. This bond shed about 15 basis points in price in shock after the new deal's announce-

tive pricing and buoyant demand can work wonders, and

said he thought a 10-year issue for a sovereign or suprana-tional borrower might emerge. The flurry of dollar issues for a sovereign or suprana-tional borrower might emerge.

The flurry of dollar issues
was perhaps not the best envi-ronment for Daiws to launch a stock market weakened and

large two-tranche Y70bn issue for Austria, including a rela-tively rare 15-year maturity for Y40bn of the deal.

bond closed around less 1.40
bid, against 1% per cent fees.

The bond is likely to be heavily bought by Japanese investors who - though they are in general only nibbling at the Enrobond market - are believed to have swallowed up a large proportion of NTT's aggressive, especially for the \$200m deal.

Carries a 500 while the S.G. waroung and it met a strong initial response.

Topy Industries, a Japanese steel products maker, issued \$70m of five-year bonds with an indicated coupon of 5 \$200m deal.

however, that a large propor-tion of the longer bonds were pre-placed and were not expec-ted to trade as actively as the

ted to trade as actively as the 10-year maturity.

Managers said the Euroyea market, despite alight easiness in Tokyo yesterday, is not weak at present but could not be said to be meeting strong demand, given that investors' attention is apparently directed presently at dollars.

Treasury bonds at launch. This differential tightened by about 10 basis points and the bond traded as high as less 1 bid.

Merrill Lynch International was less fortunate in its \$150m

INTERNATIONAL BONDS

INTERNATIONAL The D-Mark Eurobond market

retail investors.

demand can work wonders, and Eksportfinans' new 8½ per cent deal, priced at 101½, was bid within 1½ per cent fees at less 1.35, or slightly higher. The initial yield spread versus Treasuries was about 70 basis points, Merrill Lynch said.

Dealers were certain that more deals were on the way. Bumoured yesterday wera bonds for Ford Motor Credit and a state-backed borrower, possibly French, both with sbort maturities. One dealer vousness about currency fluctuations. The Bundesbank's deci-

vousness about currency fluctu-ations. The Bundesbank's deci-

interest rates fell further. FAI Financial Services, part tively rare 15-year maturity for Y40bn of the deal.

The Y30bn 10-year tranche year issue with par pricing and carries a 5% per cent coupon a 5% per cent coupon, led by and a price of 102, while the S.G. Warburg Soditic, which is the statement of the statement

International Bank

AN ARTICLE published yester-day about the forfalting market inaccurately stated that the Hungarian International Bank had recently decided to withdraw or wind down its forfait-

ing operations.

We apologise for this inaccuracy. Hungarian International Bank states that it intended maintain its position as one of the leaders in the forfaiting market by expanding its Mr T. Newling, managing director, said: The bank is

devoting considerable capital and personnel resources to this business under the leadership of Mr Denis Keenlyslde, assistant director."

In the three months ended December 31 1987 business volume in currency terms increased 16 per cent on the first quarter last year, he said.

Anglo American mines stage recovery

FOUR OF the five gold mining companies managed by Anglo American recovered quickly during last year's December quarter from the three-week atrike by black miners in

Recovery at Western Deep Levels has been slow as deep underground workings suffered damage when the strike halted production. The directors expect pre-strike production levels to be resumed during the present quarter and, according to company officials, it is hoped that a constribution of the strike afficials of the strike afficials. that a non-strike agreement can be reached with the National Union of Mineworkers (NUM) in exchange for premium wages

ANG	LO AM	ERICAN	COLD	QUART	ERLE	S		
		roduced kg)		ax profit lm)	Earnings (cents per share)			
	Dec 87	Sep 87	Dec '87	Sep '87	Dec '87	Sep 87		
andsrand	3,005	2,462	44.87	32.60	21.8	20.0		
go	2,836	2,747	24.08	23.75	38.7	41.8		
eegold	24,384	22,465	194.90	249.62	62.1	80.5		
Land	421	637	2.15	1.28	20.9	13.8		
al Reefs	17,796	16,756	148.85	135.88	515.4	389.5		
Deep Lvis	8,267	6,586	86.10	70.73	99,0	89,9		

at the mine.

The mines' mills were kept in operation during the strike by milling surface ore and it had been feared that depletion of the case.

been the case.

Freegold, South Africa's largest gold mine, lifted mill ower-grade areas.

Vasi Reefs, the country's second largest gold mine, milled throughput to 5.68m tonnes at an average during the December quarter, grade of 6.66 g/t, against the

surface stocks would affect from the September quarter's production in December, when seasonal shortages of black age gold recovery grade slipped miners generally affect production. This does not seem to have been the case.

Freegold, South Africa's larger and largest gold mine. lifted mill on largest gold mine. lifted mill on largest gold mine milled.

Rustenburg dividend boosts JCI

By Our Johannesburg

JOHANNESBURG Consolidated Investment Company (JCI), the South African mining group, lifted its interim pre-tax profit by 32 per cent in the six months to December 31 1987, largely due to a non-recurring dividend from Rustenburg Plat-

The interlm pre-tax profit rose to R160.8m (\$81.2m) from R12I.9m in the corresponding period of 1986. Pre-tax profit for the full financial year to June 1987 was R332.8m.

First-half normal investment

income increased to R81.2m, from R72.4m, despite a lower dividend payment by Randfontein, the larger of the two gold mines managed by the group. Rustenburg raised its normal dividend and higher income was derived from diamond and industrial interests.

The directors are particularly concerned about current conditions in the export coal markets which have affected revenues of the Tavistock Collieries sub-

The non-recurring dividend from Rustenburg formed part of the flotation of Lebowa Platlnum on the Johannesburg Stock Exchange.

First-half earnings rose to R18.62 a chare from R12.35 and the interim dividend has been lifted to R6 from R5. Earnfinancial year and a total divi-dend of R15 was declared.

JCI is controlled by Anglo American, South Africa's largest mining and industrial group.

Dutch broker stops trading By Laura Raum in Amsterdam VAN LOOSBROEK, a medium

sized Dutch brokerage firm, has stopped trading because of a management dispute and as a result of October's global stock

result of October's global stock market crash.

Rubber Cultuur Mij. Amsterdam (RCMA), a commodities trading group, has halted its financing of Van Loosbroek, which is a partnership of RCMA and Mr P A Van Loosbroek. Financing will resume when a new partner has been found, RCMA indicated in a terse, written statement vesterterse, written statement yester-day, it refused to elaborate. Mr Van Loosbrock, however,

Mr Van Loosbroek, however, insisted yesterday that he would remain with the three year-old firm because of his role as founder, partner and director. Van Loosbroek employs six people and io located in Amsterdam.

FT INTERNATIONAL BOND SERVICE

| 100 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 Canada 9 96. Canadan Pac 104, 93. C.C.E. 74, 91. C.M.C.A. 74, 91. E.E.C. 79 93.
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Board posts at British & Commonwealth

Miss Maria Callaghan has been appointed group operations director of BRITISH & COMMONWEALTH HOLD-& COMMONWEALTH HOLD-INGS. Her responsibilities include compliance and co-ordi-nation of all group administra-tion. Size is also group company secretary. Also joining the board as an executive director is Mr. Cameron Brown, chief executive of Abaco invest-ments, which is being acquired by B&C.

Mr Paul Tatman, previously chairman of BEECHAM PHAR-MACEUTICALS' UK division, and currently president of the US business, becomes managing director of Beecham Pharmaceutical from April 11 Head-US business, becomes managing director of Beecham Pharmaceuticals from April I. He will assume responsibility for its worldwide commercial operations and will also control two new central marketing and licensing departments. Mr Ray Giles has been appointed licensing departments. Mr Ray Giles has been appointed licensing dector; he has been in Japan since 1978. As head of the new department he will be responsible for developing the potential for licensing and joint marketing new products, and seeking licences from other companies. Dr. Tim Melton will be responsible for setting up and operating the new system for progressing new compounds to the market, and for licence submissions to health anthorities. *

Mr. Mervyn Blakeney has been appointed a non-executive director of GEORGE OLIVER has appointed Mr. John Edwards as director of marketing, and a main board director of Edgar Vanghan. Mr. Stephen Hayes becomes company secretary. He was group financial controller at Caparo

And the control of th

Mr Neil Forster and Mr.
Wynne Denman have resigned
from the board of BRITISH &
COMMONWEALTH HOLDINGS and become consulants to the group.

PRIVATBANKEN has appointed as associate directors har John Mellor who joins as head of the corporate finance department, and Mr James C. Roe, who is head of the customer treasury group Mr Mellor joins from Ernst & Whinney.

Montagu is part of Midland Montagu, investment banking and securities arm of Midland

Mr Les Morrell, finance director of Jewson, builders' merchant subsidiary of MEYER INTERNATIONAL, has been appointed to the newly-created post of marleting director. Mr Pat Manwaring, Jewson development director, is now responsible for branch site development, in addition to acquisitions.

Former St Martins Property Corporation chief executive, Mr John Stringer, has been appointed a non-executive director by CHARLECOTE ESTATES.

Mr Robin Snelson is to join CLAY & PARTNERS, consulting actuaries, on February 1 as a partner to head the insurance consultancy division. He was head of group actuarial services at Legal & General.

Lord Northbourne has been appointed deputy chairman of Center Parcs NV, Netherlands.

EMI MUSIC WORLDWIDE has formed a new executive board: Mr Blasskar Memon, chairman and chief executive; Mr Peter Andry, president, international classical division: Mr Richard office. Mr Les Morrell, finance direc-tor of Jewson, builders' mer-chant subsidiary of MEYER INTERNATIONAL, has been appointed to the newly-created



appointed a non-executive director of GEORGE OLIVER (FOOTWEAR). He is managing director of Schweppes International, and a main board director of Cedbury Schweppes.

BOULTON & PAUL has appointed Mr David Chemery as managing director. Mr Bill Fox has been appointed financial controller at Caparo Industries.

Mr Bem Tomilia has been appointed managing director of DUNKELMAN & SON.

BROMSGROVE INDUSTRIES has appointed Mr John Edwards as director of market-ing the second section of Edgar Vanghan. Mr Stephen Hayes becomes company secretary. He was group financial controller at Caparo Industries.

THE WOOLLY MILL CO., Langholm, has appointed Mr. John A. Packer, who has acquired control of the company as chairmen. Mr H. Bart-Smith, of Scabal, also joins the board.

Powell Duffryn makes changes

appointed as associate directors Mr John Mellor who joins as head of the corporate finance department, and Mr James C. Roe, who is head of the customer treasury group Mr Mellor joins from Ernst & Whimney.

Mr Anthony Hass has been appointed chairman of Powell Duffryn Shipping, which includes Cory Bros., and Stephenson Clarke Shipping Mr P.J.W. Shuttle-worth has been appointed chairman of the group's bulk diaminan of the group's bulk diaminan of the group's bulk Hassed in New York has been appointed chairman of the group's bulk Hassed in New York has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping Mr P.J.W. Shuttle-worth has been appointed chairman of the group's bulk Hassed in New York has been appointed distribution activities in the UK and France.

Mr Bay Webber has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping Mr P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping Mr P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping, Mr P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping, Mr P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping, Wir P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping, Wir P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Which includes Cory Bros., and Stephenson Clarke Shipping, Wir P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Wir P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Wir P.J.W. Shuttle-worth has been appointed chairman of Powell Duffryn Shipping, Wir P.J.W. Shuttl

Mr Stephen Edwards has been appointed managing director of the travel, transport and leisure division of ALGAMA. He

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Transvaal

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Reports of the directors for the quarter ended December 31 1987

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Birmid profits rise 73% to £23m

Birmid Qualcast, the consurer products group fighting a hostile bid by cement company Blue Circle, launched an attack yesterday on the "Big Brother approach" of its predator and unveiled a profits forecast for next year at the top end of City expectations.

It also announced pre-tax It also announced pre-tax profits for the year to iast October of £22.62m, a 73 per cent increase on the previous year but in line with analysts' forecasts. It predicted next year's result would be at least £28m. Mr Tommy Macpherson, chairman, said: "The idea put forward by a hostile predator that Birmid needs some Big Brother to finance our rapid

Brother to finance our rapid and successful growth is abso-lute nonsense." With gearing at only 16 per cent, the balance sheet was strong and Birmid was in a healthy position to

expand.

Describing Blue Circle's \$217m bid as derisory, Mr Macpherson said that a system which permitted hids and which permitted hids and acquisitions was healthy provided they combined compatible companies or revitalised sleepy managements. Neither applied to the present hid.

Mr David Poole, Blue Circle forecast more than 25.7p for managing director, said Birmid had missed the point of the bld ifted from 4.75p to 7.75p and the company that the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way, the bid, which is the profits forecast now out of the way.

Colorvision, the television and video retailing group floated on the USM in June, has beaten its own forecast by 33

which was to combine its Armitage Shanks bathrooms subsidiary with Birmid's consumer products companies. "Birmid's scale of development has been modest," he said. "We can put more into it."

Mr Poole said Birmid's wastle

Mr Poole said Birmid's results were in line with Blue Circle's expectations. He would be seeking talks with Birmid in the hope of obtaining an agreed

takeover.

Birmid's 73 per cent advance in pre-tax profits in 1987, which was achieved on sales of \$217m (\$203m), was helped by a pension contribution holiday which amounted to \$2.4m.

In the dominant consumer products division the Potterton

products division, the Potterton boilers company increased prof-its by 50 per cent to £9.5m, helped by a strong market and a small increase in market share. Home and gardens grew from \$6.3m to \$7.3m. New World, the gas cookers husiness, contributed \$1.3m for the four months under Birmid ownership. Birmid said a full year would probably have been about \$2.5m, because of sea-

19. He predicted yesterday that future technical developments like satellite and cable TV

would sustaio the company

Colorvision beats forecast

per cent with pro forma pre-tax profits for the year to September of £1.6m oo turnover of £12.9m.

This compares with pro forma pre-tax profits for 1986/86 of £367,000 on turnover of £6.8m.

Mr Neville Michaelson, chairman, founded Colorvision 24 years ago, when he was only would sustaio the company even through recession. The directors are recommending a final dividend of 1.65p (0.37p) on earnings per share up from 1.62p to 7.25p.

The pro forma pre-tax profits for 1986/86 of £367,000 on turnover of £6.8m.

The pro forma pre-tax profits for 1986/90 on earnings per share up from 1.62p to 7.25p.

The pro forma pre-tax profits for 1986/90 on earnings per share up from 1.62p to 7.25p.

The pro forma pre-tax profits for 1986/90 on earnings per share up from 1.62p to 7.25p.

The pro forma pre-tax profits for 1986/90 on earnings per share up from 1.62p to 7.25p.

The pro forma figures were adjusted to include the group's subsidiaries, which were associated companies until the flotation. Colorvision shares closed up 12p yesterday at 182p.

Dee renews attack on Barker



Tommy Macpherson: Birmid chairman

the company forecasts at least 10p for 1988. Mr Poole said the underlying 1987 earnings per share growth was more like 20 per cent than the 51 per cent reported when the pensioo holiday and the elimination of losses from dis-posed companies were taken

It is difficult to find compa-

nies with which to compare Colorvision. For entrepreneur-ial expertise in marketing a

comment

has so far been conducted in a rather low key manner, begins in earnest. The next issue on the agenda is how much Blue Circle will raise its hld by; with the shares at 332p last night the cement company needs to increase substantially its 300p a share offer if it is to be sure of victory. Birmid is unlikely ever to repeat the pre-tax profits growth of last year. Although there is plenty to go for in the gas cookers company and in foundries, the boiler for in the gas cookers company and in foundries, the boiler husiness cannot maintain its heady expansion for long. Nonetheless Birmid has sentiment on its side. It is admired for transforming itself from a foundries dominated group in the mid 1970s to the broadly based consumer products company. based consumer products com-pany it is now. There is also pany it is now. There is also considerable sympathy with its argument that it should not be allowed to lose its independence just because a quirk in market conditions makes invesmarket conditions makes investors and institutions hungry for cash. Blue Circle, however, means business; its new management is determined not to lose its first contested bid. The company also has considerable cash resources, as its gearing is only about 17 per cent. In the end that could prove irresist-ible.

Bennett & Fountain £13m Wigfalls bid

By Nikki Tait

Bennett & Fountain, the acquisitive alectrical goods retailer and wholesaler, yester-day unveiled an agreed share exchange offer worth just under £13m for Wigfalls, the loss-making Sheffield-based electrical retail group.

Wigfalls - which sold off its rental operations to Granada last May - recently reported an Increased interim loss of \$837,000 in the six months to eod-October.

B&F liself made \$2.71m on sales of £31.3m in the year to end-June and said yesterday that it expected the current trading period to show "further cations for the court of the court of the current trading period to show "further cations for the current of the cu

ial expertise in marketing a narrow range of products you would have to look at the likes of Tie Rack and Sock Shop, but televisions are hardly impulse buys and Colorvision is not a trendy company, despite the success of its management enterprise scheme which gives local managers 20 per cent of the equity of each outlet. In the retailing sector Dixons is the obvious comparison, but Colorvision is as yet neither a national nor a general electrical retailer. Prospects for growth are good — three new outlets have been opened since the year-end and at least seven more are expected in the next few months, part of an already successful strategy of opening stores in prime locations. Colorvision is also building a fine reputation for good customer relations. year-end and at least seven more are expected in the next few months, part of an already successful strategy of opening atores in prime locations. Colorvision is also building a fine reputation for good customer relations. Pre-tax profits should rise to around \$2.5m or more for this year. This puts the group on a prospective p/e of around 15.

BAT taken aback by **Farmers** rejection

BAT industries, the multi-national with extensive interests in tobacco, said that it was disappointed and surprised by Califor-nia-based Farmers Group's rejection late on Wednes-day of BAT's \$4.2bn (\$2.4bn) proposal to buy the US company. But Mr Henry Frigon, president of BATUS, BAT's American subsidiary, said he was urging Farmer's Group, a property/casualty

By Nick Bunker

American subsidiary, anid he was urging Farmer's Group, a property/cassalty insurer, to reconsider. BATUS was ready to "discuss all the terms of the proposal," he added.

In London, BAT's share price alumped 16p to close at 419p after a bout of down-grading of stockbrokers' profits forecasts following a BAT analysts' meeting on Wednesday.

Barclays de Zoete Wedd securities house est its 1987 pre-tax profits estimate from £1.435bu to £1.38bn. Some analysts went further and tentatively cut their 1988 forecast also, in one case from £1.69bu to £1.57bn.

Conearu about the group's figures focussed on the impact of last October's stock market crash on the investment portfolio of Eagle Star, its UK composite insurance subsidiary.

Analysts now helieve Facile Stars now helieve

Analysts now believe Eagle Star saw a £40m drop in the market value of its non-life funds in 1987. Some also doubled to £16m their estimates of losses from last October's European hypersease.

Eagle Star's post-crash sltnation is complex because BAT brought in a new accounting policy when it took over the insurer in 1984.

This means BAT brings

farward into Eagle Star's profit and loss account a profit and loss account a smoothed figure representing some of the unrealised capital appreciation earned on ite non-life funds. BAT showed £109m in unrealised Eagle Star capital gains in the first six months of 1987. Several analysts were yesterday working on published figures that Eagle Star has £78m in reserve in the form of deferred investment gains secreed from earlier years.

earlier years.

continued profits growth in the current year. The interim divi-dend is being increased to 0.836 Irish pence (0.76p),

M & G over £23m but warns on current year

M & G is unlikely to match the 1986/87 profits performance. That said, directors yesterday were far from despondent: according to chairman, Mr Andrew Caidecott, M & G made more in the first aparter of the current year than in the similar period 12 months earlier and although husiness volume is currently low, there have been some signs of a marginal pick-up recently. Broadly, the fund management group says

The group was formed when the Irish group FII acquired the well-known UK banana importer Pyffes in May 1986. Since then, the company has moved from the USM to the main market.

main market.

These figures for the first time include Fyffes for a full 12 months. Pre-tax profits were 1£13.7m (1£7.2m) on turnover up 78 per cent to 1£267m (1£154m) and earnings per share were 46.5 per cent higher at 6.3 Irish pence (4.3p).

There is an extraordinary credit of £920,000 which represents the gain on the sale of UK premises minus full listing and other coets.

The company remains confi-dent about its long term pros-pects and is looking forward to

"One doubts whether some of the systems are for the benefit of investors." As fer as one off coats are concerned. If & G suggested that the figure might be around 2500,000 atthough it also expects considerable additional administrative costs which are more difficult to estimate. The company stressed that it is still opposing certain details within the new framework.

M & G, Britain's largest unit that it is too early to guess trust group, yesterday easily surpassed City forecasts by announcing pre-tax profits of \$23.32m in the year to end-September, compared with £15.5m in 1985/86. Most analysts had predicted around £20m; at the earlings per shara level the figure goes up from 13.58p to 20.73p.

The year-end, however, came shortly before Black Monday in its statement, the company warms that if markets continue to trade around present keels, M & G is unlikely to match the largest per doubts whether some of the gave ragulation. No meeting has get jaken place but M & G says if would welcome a visit at any times of investors." As far as ene-off

comment

In 386/87 profits performance.

That said, directors yester-day were far from despendent according to chairman, Mr Andrew Calecott, M & G made more in the first querter of the current year than in the similar period 12 months earther and although husiness volume is currently low, there have been some signs of a marginal pick-up recently Broadly, the fund management group says

FII-Fyffes 91%

Ahead and Sees

FII-Fyffes, the Irish based fruit distribution company, increased its preliminary pretar profits by 91 per cent in the year to October 31. It has more the inish group FII sequired the trish group FII sequired the Tax of \$2,64m\$.

After tax of \$2,64m\$ beautiful and the same and the lirish group FII sequired the trish proup FII sequired the trish group FII sequired the trish group FII sequired the trish proup FII sequired the trish group FII s

DIVIDENDS ANNOUNCED

	Current	Dete of payment	Corres ponding div	Total for year	Total
eales (John)int irmid Qualcastfin olorvision §fin	1.65 6 1.65	Mar	1.5 3.5	7.75) 1.66	5.5 4.75
oxmoore international sections of the common	2.65† 0.6 0.844	Peb 26	1.25 2.5 nii	4.05 0.9 1.17	3,85 nil
esterner für esth (Semuel)int ill & Smith für		Apr 6	2.42	2.5† 4.38	1.5 3.3 3.5
&G Group	1.25† 5.3 1.46	April 6	5		5.25° 37. 14 0,73
sebura inv Tst	6.5	Mer 4	8.5	16.5	13.5 2.8

Dee Corporatioo, the grocery group currently fighting a \$2bn cash and shares offer from the much-smaller Barker & Dobson, yesterday renewed its attack on the bidder's financing arrangements and queried both B&D's retailing skills and its prospective strategy.

Dee claims that B&D's plan to sell its superstore and refocus the rest of Gateway means that Gateway would have neither the competitive advantages of scale nor the advantages of scale nor the advantages.



National Freight Consortium p.l.c.

£146,000,000 Multiple-Option Facility

Arranged by **National Westminster Bank PLC**

Underwritten by

Barclays Bank PLC

National Westminster Bank Group

Lloyds Bank Pic

Commerzbank Aktiengesellschaft London Branch

Banco di Napeli Midland Bank plc The Royal Bank of Scotland pic

Westpac Banking Corporation

Citibank, N.A. The Philadelphia National Bank TSB England & Wates ple Crédit Lyonnais, London Branch

Credit Suisse

Additional Tender Panel Members

The Sanwa Bank, Limited

Westdeutsche Landesbank Girozentrale

International Westminster Bank PLC

January 1988

Associated Newspapers Holdings p.l.c.

The 1987 Annual General Meeting of Associated Newspapers Holdings p.L.c. III be held on Tuesday, 14th February 1986 et 10.30cm, in the Stock Room, Signianers' Hall, Stotlanger Hall Court, Ludggite Hill, London EC4

Associated Newspapers Holdings p.l.a., New Cormelite House, Landon EC4

ALL SUBSIDIARIES MAKE SECOND HALF PROFIT

Gestetner doubled at £22.8m

Gestetner Holdings, the (£1.83m) from the sale of its office equipment group; yester—Enston Road headquarters figure would have been even nify further improvements in lower if the increased dividend margins, and the planned elimination of £22.8m in its first year under the management of AFP Investment Corporation. The controlling share holder.

The advance from \$10.8m

enable it to weather any down-turn.

Gestetner said all subsidiaries

duplicators and facsimiles machines, with laser printers soon to go on sale in the UK.

The pre-tax total incloded

tis Australian controlling share holder.

The advance from \$10.6m was achieved on unnover only \$.5 per cent shead at \$422.3m (\$288.2m) in the year to October 31. The final dividend is doubled to 2p to make a total of 2.5p (1.5p).

Although he was concerned about the meetrain economic and currency situation facing all international companies, Mr Basil Sellers, chairman, said Gestetner's cash flow and etrong balance sheet would enable it to weather any down.

earnings per share, excloding exceptional items and AFP's nil-paid convertible loan stock.

comment moved on results well above the figure to which most anslysts had been guided by a management which believes only in
pleasant surprises. The main
question now is how many
more years of good news are in

been unable to shake the pre-valling view that its Gestetner solourn is basically a three-to-four-year financial exercise and that the company, although lean and efficient, will still be Gestetner's share price barely with few of the new products moved on results well above the figure to which most anst turns out to be the case, AFT's eventual exit will undoubtedly be on a higher multiple than the prospective 7.5 implied by pre-tax profits approaching £28m

AFP CHIEF WARNS ON WORLD ECONOMIC OUTLOOK (£100m) in cash, more than 80 per cent of its liquid resources, when it had to renegotiate nneovered "put" options it held on ahares in Elders IXL, the

Australian brewing and pas-

Australian brewing and pastoral group.

AFP'e share price has fallen to 80 cents from its pre-crash high of A\$4.20. Mr Sellers said, however, that the group was well pisced to ride out a recession. It had only four main investments, stakes in the Linter taxtile group and Awards.

textile group and Armada

Recourcee oil and gold group in addition to Elders

Gestetner said all subsidiaries made an operating profit in the second half. For the full year contributions by geographical area were: UK \$6.4m (\$4.6m), other EEC \$11.9m (\$6.9m); other Europe \$1m (\$21,000 loss), Americas \$5.1m (\$2.8m), rest of world \$6.3m (\$5.1m). Photocopiers accounted for 42 per cent of sales, against only 27 per cent for Gestetner's original business, stencil duplicators, but the latter continued to produce the best margins; Other products inclode offset duplicators and facsimiles

Apart from paper losses on its listed investments, the October crash forced

and Gestetner, and had no

and Gestetner, and had no borrowings.

Describing AFP as an undiversified investment trust committed to capital growth, Mr Sellers said: "We always have a lever-aged interest and we always have directors. Otherwise we wouldn't make the investment."

The leverage, however, takes the form of options and nli-paid convertible securities rather than bor-rowing. After the Elders options debacle, AFP's leverage had no hidden downside, Mr Sellers said.

3500

8000

7500

6500

6000

5500

5000

Smith New Court dismisses

dealer

Sy Cive Wokman

Smith New Court, the securities firm, yesterday announced that it had sacked one of its senior traded options dealers, fir Mark Lee, after discovering that he had cost the firm \$1.25m in trading losses.

The losses were accumulated over the last few weeks as a result of Mr Lee exceeding his positions limits by a large marging by Smith New Court'e financial control systems. Mr Lee apparently continued to input his positions into the exporatiny continued to input his positions into the system although he failed to tell anyon of the risks to which he had exposed the firm by write ing options on such s large scale.

By STEVEN BUTLER

Tricentrol, the UK independent of \$10 this year to \$1.50 in 1994 from \$1.20 this year to \$1.50 in 1994 from \$1.20 this year to \$1.50 in 1994 off corporated assuming allowable exploration and spraisal expenditure of £10m spraisal expenditure of £10m and spraisal expenditure of £10m allowable exploration and spraisal expenditure of £10m allowable exploration and spraisal expenditure of £10m allowable exploration and spraisal expenditure of £10m and spraisal expenditure of £10m allowable exploration of £10m and spraisal expenditure of £10m allowable exploration and spraisal expenditure of £10m and survey and spraisal expenditure of £10m and spraisal exp ing options on such s large scale.

"There is no question of fraud or that he was acting on his account — it was the firm's money," said chief executive Mr Geoffrey Lederman. "He must have had a rush of blood to his head."

The announcement was made after Smith New Court's share price had fallen 20p to 168p as rumoors circulated that the firm had lost as much as £5m. "This isn't such a disastrous loss in the con-text of the profits and losses we are continually making," Mr Lederman said.

Tricentrol issues valuation of assets to aid Elf bid defence

BY STEVEN BUTLER

value on Tricentrol's assets of \$350m as of December 31, or 225p per share on a fully share, and that this would be diluted basis, 234p before dilution. This compares with Eff's offer of 145p per share.

ERC assumes 8 Brent oil price of \$18 per barrel in 1988, rising to \$27 dollars in 1994, and rising by 5 per cent per annum afterwards. The sterling/dollar

Elf said the asset value of the company was closer to 80p per share. Share, and that this would be a sort this valuation of Tricentrol as a going concern that was being prepared by the petroleum services department of James Capel, the stock broking by 5 per cent per annum afterwards. The sterling/dollar

The final component would be 45m, 10 per cent convertible up to May 1994 upon a payment of 50p.

The entire package would be conditional on a rejection of the Elf offer. The Tricentrol share price yesterday closed up 3.5p at 366p.

Louis Newmark advances to £0.6m

Louis Newmark, electronic and precision engineer and watch distributor, raised its profit from £518,000 to £611,000 and this, the directors said, was in line with expectations.

Group turnover came to improved commensurately. In manufacturing the divisions operated as expected with turnover growth in the automotions.

For the first time a charge of the control of

said, was in line with expecta-tions.

For the second half they were looking for a similar figure. In the previous year the profit was \$1.04m

EARNINGS PER SHARE (1981/2 = 100)

scan in respect of two business disposals.

For the first time a charge of £132,000 has been made for depreciation of previously capitalised development costs at Newmark Technology.

The watch division increased turnover by £1.3m. Gross profit shows operated as expected with turnover growth in the automotive subsidiary offsetting problems in the gauging industry.

Esrnings rose to 13.4p (11.4p) and the interim dividend is up to 5.3p (5p). Closure and reorganisation costs absorbed £45.000.

Kevin Doyle lifts stake in Waverley to 25%

MR KEVIN DOYLE yesterday strengthened his possible blocking wote against the proposed management buy-in at Waverley Cameron by Mr James Gulliver, Argyll Groop chairman. Mr Doyle said his company. Flavell Communications, had raised its stake in the Scottish stationery group to 25 per cent. With the 13 per cent stake already held by Mr Gulliver's company, Sanda Investments, excluded from veting on the planned share issue, this gives Flavell nearly 29 per cent of the eligible voting shares at an extraordinary general meeting for which the date has not officially been set.

Waverley says the proposals which compares with yesters will be presented as ordinary day's market price of 440p, up resolutions, requiring approval.

CoxMoore result boosts plans for expansion

BY CLAY HARRIS

takeover of knitwear maker for the acquisition, earnings per Harold Ingram, yesterday share were 3.68p (0.69p loss). reported interim pre-tax profits of \$304.000 and said it was tax profit of \$182.000 on turn-

of \$904,000 and said it was exploriog opportunities for suitable acquisitions.

Mr Michael Renton, chairman and chief executive, said expansion would come in all divisions: knitwear, fabrics, clothing and underwear.

The result for the six months to October 31 contrasts with a \$190,000 loss previously. Turnover rose by 29 per cent to \$234,1m (\$264 km).

CoxMoore comprises the activities of Ingram as well as two former private companies, two former private companies, cox Moore Holdings and Readson Group The comparable figures are based on Ingram's previous 1.25p.

Ingram itself reported a pretax profit of \$182,000 over of \$2.27m in the previous period. CoxMoore's interim dividend of 1.5p compares with Ingram's previous 1.25p.

Trading profit nearly doubled from \$934,000 to \$1.84m, and the bounce into the black was aided by a reduction in interest payable from \$1.12m to \$939,000.

A net extraordinary charge of \$193,000 (\$488,000) reflected the cost of withdrawing from maderwear manufacture in the US replaced by distribution of UK-made products – less the gain on the disposal of its 27.5 results for the six months to per cent stake in a French lace-october 31 1986 and those of CoxMoore has a market value.

CoxMoore, the textile group On the same basis, and taking

Ingram itself reported a pre-tax profit of £182,000 on turn-

Readson (based on management accounts) for the seven months to the same date.

CoxMoore has a market value of \$25.2m at yesterday's unchanged share price of 113p.

Electronic Machine progress

F. COPSON P.L.C.

Interim Results (Unaudited)

i am very pleased to report increases of approximately 460 per cent in both profit before taxation and earthing per share.

Much of the improvement in this year's interim profits has been brought about by a strong performance from LCP Building Supplies Limited which was equired in july, and for which just over three months of results have been consolidated. Our other smaller acquisitions have also performed wall.

activities, brought about by organic growth and by increased margins.

Registered Office: Birches Green Works, Spring Lane, Em Birmingham B24 985

Electronic Machine, radar and optical components maker, has kept up its profit improved tannia Precision's factory, being proceeds from the sale £170,000 less reorganisation expenses. Turnover came to £78,718 pre-tax.

A final dividend of 0.6p is proposed to make 0.9p for the year. No payment was made for 1985-86 when a loss of £12,284 as incurred.

Electronic Machine, radar 227,764 net on the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale of Britannia Precision's factory, being proceeds from the sale £170,000 less reorganisation expenses. Turnover came to £2.26m (£2.16m).

Once again the figures were held down by significant losses at Britannia but, following the purchase of Bovall Engineering

was incurred. Included in this year'e profit, however, was an exceptional

GROUP TURNOVER

GROUP PROFIT AFTER TAXATION

PROFITS RETAINED FOR THE PERIOD

"The 1986 figure has been reseased to reflect the bo juste in the period.

CHAIRMAN'S REVIEW

In addition, there has been a considerable improve

Once again the figures were held down by significant losses at Britannia but, following the purchase of Bovall Engineering in Angust, a substantial pick op was expected.

£000

4500 4000 2500 2000 1500 1000 500 1981/2 1985/6

Test your knowledge of the communications sector. Which growth rate goes with which company?

SOURCE HOARE GOVETT ADJUSTED FOR ISSUES

Three highly successful British-owned communications groups, all founded in the 1970's.

Three highly impressive financial performance records.

(Even Company C has achieved compound eps growth of 37.4% over the last six years; B and A achieved 68.1% and 142.1% respectively.)

If you follow the sector, you'll know the names.

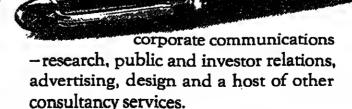
But could you, without looking at the bottom of this advertisement, have ranked their growth records correctly?

If not, we invite you to send the coupon for a copy of The VPI Group's just-published Annual Report.

The Report will tell you in detail about our progress in 1986/1987.

It will explain how, from the outset, we have focused on financial and

SAATCHI & SAATCHI THE WCRS GROUP THE VPI GROUP



How our plans for an international network have taken a major stride forward with the acquisition of The Carter Organization in New York.



Why, with market uncertainties making genuinely effective financial communications more crucial than ever, we are distinctly optimistic about business prospects in the long term.

And why leading analysts have forecast VPI Group growth in earnings per share ranging from 109% to 120% for the coming year.

Amazing Free Offers are not, as you've probably gathered, our usual corporate style.

But this is one you really shouldn't

To Christon	her North, The VPI Group PLC, 32 Grosvenor
i w. Cimiswp	wer region, the at totomb tree, 25 Otosaction
Gardens, Lo	ndon SW1W ODH.

	Please send me s copy of your Annual Report and Accounts for 1986/1987.
	NAME

ANSWER A = THE VPI GROUP, 8 = THE WCRS CROUP, C = SAATCHI & SAATCHI

e 5.¥5. 17769

UK COMPANY NEWS

SCHRODER GLOBAL TRUST PLC Martin Dickson and Anatole Kaletsky on News Corporation's stake in Pearson

HE Annual General Meeting was held at 36 Old Jewry, London EC2, on Thursday 21 January 1988. The following are extracts from the Report and Accounts for the year ended

/3	Z HIGHLIGH	7.5	
Per Ordinary Share	1987	1986	Change
Earnings	4.63p	4.30p	+7.7%
Dividends	4.40p	4.25p	+3.5%
Net Assets	238.7p	265.1p	9.9%

To achieve the best possible overall return of capital and income, the Company aims to maintain maximum flex order to move between markets and investments

The great bull market of the 1980's has ended abruptly. A natural period of doubt has ensued. But many measures of long-term value would seem to indicate that the fall in world markets has already discounted a significant fall in world growth rates. Thus, while this may not be a time for robust forecasts, we believe that the year ahead will provide opportunities for the level-headed to capitalise apon uncertainty Schroder and find amactive investments at sensible Investment Management

MANAGED BY SCHROOER INVESTMENT MANAGEMENT LIMITED If you would like a copy of the 1987 Annual Report and Act me return the compon to: Schroder investment Management Limited resument Trust Department), FREEPOST, London EC28 2V).

Please send me a copy of the Schroder Global Trust 1967 Annua

Southvaal Holdings

A question of financial firepower COULD Mr Ropert Mordoch the stock market crash, News summon up the financial firepower to launch a \$2bn take-order to launch a \$2bn take-order

valuation of media companies and to the financing of highly

weight must be given to Wall £11 a share.

And the argument there is essentially twofold: even after

in Pearson, prompting speculation that it might launch a bid Drexel, said: "We think Murdesigned to carve op the group
into its publishing, banking and
industrial parts.

faith in him. He is the kind of

industrial parts.

But News Corporation has guy we like to back.*

long been a highly geared company and its accounting techniques have been the subject of entirely. When he first took a frequent controversy. It is stake in Pearson he indicated hardly surprising, then, that has main interest was in analysts disagree over its ablity to go for Pearson.

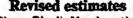
Yes, Mr Murdoch could bid, insisted that he had no intensist some of the jeading media tion or shilling to make a take. Yes, Mr Murdoch could bid, insisted that he had no inteninsist some of the leading media
analysts on Wall Street. "I have over offer for Pearson, adding
absolutely no doubt he could do
that plus a lot of other things if
he wanted to," says Mr Richard
McDonald of First Boston.

But a contrary view is put
forward by one UK analyst, Mr merely stating that the group
Luke Johnson at Kleinwort Grievesor. "I don't think he can over 25 per cent or hidding for

eveson: "I don't think he can over 25 per cent, or bilding, for raise the money to bid for Pearthe next 12 mooths "in the son. I don't think he will bid." absence of a material change" on, I don't think he will bid." absence of a material change.

The difference of opinion in Pearson's circumstances. reflects a more conservative though a News Corporation attitude in Britain both to the spokesmso insisted Mr Murdoch's remarks still stood.
Before the stock market

crash, UK brokers' analysts But since Mr Murdoch would reckoned that, to stand any almost certainly be relying oo chance of success, an offer for US banks to finance any offer Pearson would need to be for Pearson, a great deal of pitched at between \$10 and



Since Black Monday those down, but analysts point out in their minds the fact that last September Mr Murdoch paid 925p a share for much of his stake. It would therefore be hard to win them over much below that level, with a full bid valuing Pearson at around

Sioce Mr Mnrdoch already owns a fifth of the equity, he would need to find £1.6bo to fund a bid. And much, if not all, has sold a 50 per cent stake in of that would have to be in it to William Collins, the British cash: in the wake of the crash, publisher in which News Corpoinvestors are reluctant to accept a company's paper, and News Corporation's shares deal was to give News Corpora-have suffered a particularly tion some US\$116m in cash.

sharp fall.

Moreover, Mr Murdoch has in the past been reluctant to issue shares which would dilute his control over the group. Some 46 per cent of News Corporation's shares are held by Murdoch family interests, mostly, through the investment company Cruden Investments.

So is News Corporation.



incloded the treatment as An alternative simulation, equity of A\$1.26bn of 5 per: assuming significant downtums cent covertible notes issued by in all News Corporation's busi-News Corporation last year as nesses as a result of recession, part payment for its takeover gives annual cash flow of the Anstralian Herald and A\$1.05bn and an interest cover [News]. Weekly Times group. It also of 1.7 times. But even this is excluded from debt some quite conservative in relation to A\$690m of high yielding pref- the rule of thumb of 1.5 times erence shares issued during the used by many media analysts in acquisition of the Fox televithe US.

Furthermore, the group's assets include A\$744m of goodwill, while the main fixed assets are A\$4.85bn of intangibles -publishing rights, titles

and TV licences.

A significant factor in the reduction of the debt/equity ratin was a revaluation of News Corporation's mastheads, prod-

corporation's mastneads, producing a surplus over cost of
A&B70m, which would not be
possible under US conventions.
Since the year end, there
have been some substantial
changes in the financial picture:
Mr Murdoch, who bought the
US book publisher Harper &
Rowe for US\$300m last May,
has sold a 50 per cent stake in ration has a large minority stake. The overall effect of the

shares which would dilote his control over the group. Some 46 has risen, due to redemption of ate Lazard Brothers.

As risen, due to redemption of ate Lazard Brothers.

Furthermore, a change in eventually challenge the dominates are held by Murdoch hopes will family interests, mostly ing shares in two Australian through the investment commensure chains, and the referred to the Monopolies. The seven stations are generated by News Corporation credit probably cast around it extremely unlikely as \$140m, according to Jardine that level? The \$350m.News Corporation's bortoned in the restinated in the restinance of the linked with the Pearson associant interests.

Furthermore, a change in eventually challenge the dominate ownership of the Monopolies. The seven stations are generating operating profits of the linked with the Pearson associant interests.

Furthermore, a change in eventually challenge the dominate ownership of the Monopolies. The seven stations are generating to the linked with the Pearson associant interests.

Furthermore, a change in eventually challenge the dominate ownership of the Monopolies. The seven stations are generating operating profits of the Monopolies. The seven stations are generating to the Monopolies of the Monopolies. The seven stations are generating operating to Jardine that I without at ability declined markinally in the pearson association of the Monopolies.

So is News Corporation creditworthy to that level? The question is complicated by the fact that the group draws np its accounts under Australian conventions, which are more liberal than those in the UK and the US, and it is adept at making best use of these differences. But, by whatever standards are applied, it is a heavily geared business.

The balance sheet at June 30 last year, produced by News Corporation's bortown a green light, without at ability declined marginally in least selling off his other qualities. However, Wall Street analysts remain very builts about FBC, the ing around regulatory restrictions, many analysts take at large elements of goodwill and his immediate goal is building intaged elements of goodwill and his immediate goal is building intaged elements of goodwill and list immediate goal is building intaged elements of goodwill and list immediate goal is building intaged elements of goodwill and list immediate goal is building.

The balance sheet at June 30 last year, produced by News Corporation in its latest annual report, showed shareholders' equity, stripping out outside feming.

A newtorsh analysis by Jar
Premung, through it is ability declined marginally in the first quarter of this year as the form the function in the first quarter of this year as the first function in the state of the balance sheet at June 30 last wall states annual report, showed shareholders' equity, stripping out outside feming.

A newtorsh analysis bor and it is safely the first function that his immediate goal is building into the first quarter of this year as the first function in the first quarter of this year as ability declined marginally in the first quarter of this per as remarkable history for dodg-ing around regulatory restrictions, many, analysts take at a large and the first quarter of this per as the first quarter of this per as the first quarter of this per as a but while some analysis remain the first quarter of the first quarter of the first quarter of the first quarter of the first quarter of

report, showed shareholders' equity, stripping out outside in terests, of A\$4.89bn (\$1.95bn) compared to short and long term debt of A\$4.43bn.

Borrowings as a percentage of shareholders' funds fell from 175 per cent the previous year to 90 per cent — still high by UK standards. And that figure

New York affiliate of Jardine could blow the Wall Street pressured into this. But his Journal out of the water, says appetite for a bid might be far greater a year or two down the side. They'd certainly do better in current bear market continues, A\$1.3bn, against an annual corplets a day. Adds Charles Immediately and Crame at Prudential Bache: A Whatever the game-plan, deal between Murdoch and to 90 per cent — still high by the time, if the current bear market continues, and offer might even be a day. A\$590m, much of it at fixed deal between Murdoch and to 90 per cent — still high by the time, if the current bear market continues, and offer might even be deal between Murdoch and that figure est cover of 2.12 times.



Interest burden

To add \$1.6bn, or A\$4bn, to: this total through a hid for Pearson could increase the interest burden by around A\$360m. But a rapid sale of Pearson's non-media interests might reduce that by nearly half, while there would also be a significant boost to cash flow. Yet even if he could raise the

funds for a bid, many analysts think Mr Murdoch is unlikely to do so, at least in the near-term. For one thing, he would face some substantial, though not necessarily unsuperable, barriers. Pearson family interests
are believed to hold more than
20 per cent of the group's
equity, while Mr Michel DavidWelli, senior partner in the
investment bank Lazard Freres.
and associates speak for
another 10 per cent. Mr. Davidwell is a Pearson board member and Lazard Freres is closely
linked with the Pearson associate state of the firm ownership of the Financial
Times would have to be
referred to the Monopolies

and book publishing interests have a very respectable ontlook, it is to his Us film and
television interests that analook, it is to his Us film and
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Mr Murdoch may also be calculating that even if he does not launch a bid for Pearson someone else is likely to do so, and his large stake will give him a substantial any in any

and his large state with give him a substantial say in any subsequent break-up.

But whatever his motives, he seems unlikely to remain a passive investor in Pearson for very long. His recent topping up of his stake to more than 20 per cent means that he can equity account it — in other werds, take a proportionate share of Pearson's profits into his own pre-tax total.

That may look good on paper, but not in cash fluw terms, where the cost of holding the stake is around \$30m a year (subtracting likely Pearson dividends from the interest due on the funds used to buy the stake).

the funds used to buy the stake).
Furthermore, looking ahead a year or two some analysis question, whether either the profitability or cash flow of News Corporation is likely to grow as rapidly as in the past without a major new acquisition.
The UK is currently the group's main engine of organic growth, thanks in large measure to the rationalisation benefits of its newspapers, move to

sure to the randomination benefits of its newspapers, move to Wapping. But once these benefits are exhausted and Mr Murdoch's competitors catch up with his lower productina costs, his UK newspaper business could be near saturation point, unless the ailing Today manages to capture the middle ground from the Dail Mail and

in Australasia, the rationalis-ation benefits of last year's Heraid acquisition are only now beginning to flow in and, according to Jardine Fleming, these benefits will be the major ingredient to growth for belance of the decade."
Beyond that, however, Mr Murdoch may have limited opportunities of increasing his already
dominant position in the Aus-

tralian market. In the US Mr Murdoch's newspapers are performing poorly, and while his magazine and book publishing interests

12 to

...

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COMPANY NEWS IN BRIEF

PARKWAY GROUP is to purchase Eden Print for a maximum £1m, the initial consider-

SAMUEL MONTAGU'S Austra-lian subsidiary has sold its 5.1 per cent stake in the ordinary shares of Western Motor Holdshares of Western Motor Hold-ings, the motor dealer. Domin-guez Barry Samuel Mootago retained, however, convertible iosn stock equal to 3.7 per cent of Western's enlarged share capital. The UK merchant bank, which arranged a management



buy-in at Western last March, ple into international marketing £86.743 profit previously, has an 8.8 per cent interest in services. Investment income fell £32,294 the group.
BLUE ARROW, the employ-

HANSON, the industrial con-

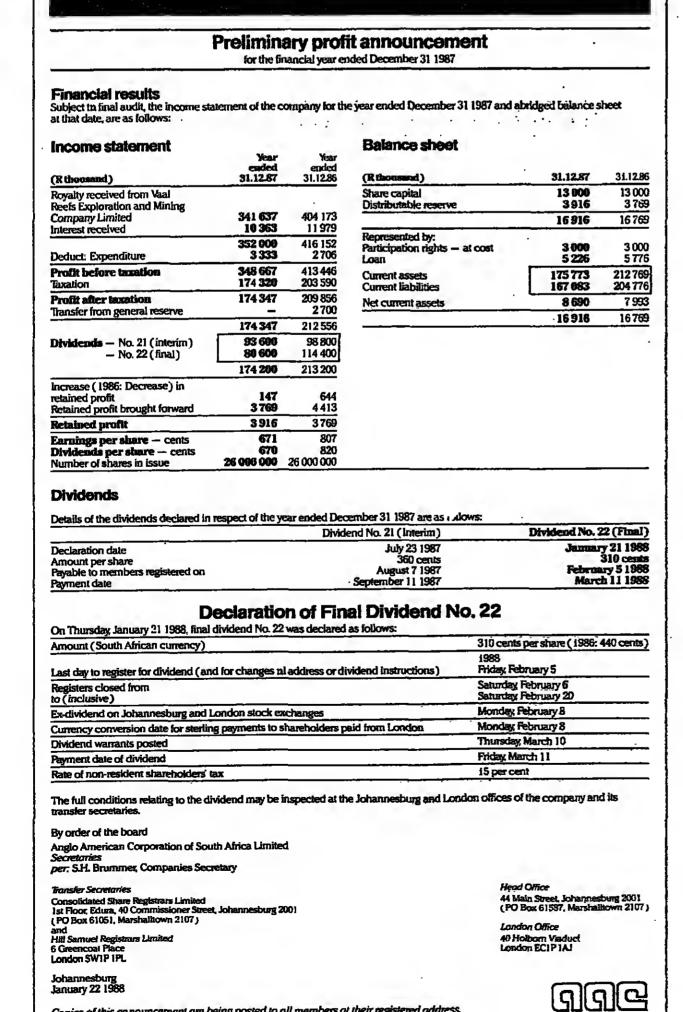
mum £1m, the initial consideration of £60,000 to be satisfied by the issue of £5,000 ordinary shares. It is also buying D&R Litho for up to £300,000 with an initial £75,000 in cash and shares. These printing sector porchases bring the total number of companies acquired by Parkway since its flotation last July to eight.

HOLMES & MARCHANT is paying £1m to the vendors of Biggs Communications group, being the first of three instalments of deferred consideration. Of this, £275,000 is cash and the balance in 321,264 have been conditionally placed with investors. As a result, Mr F.A. Biggs, director, becomes interested in a further 56,017 seven and the paying \$1 m to the replaced by the industrial considerate, yesterday made its fine first of three instalments of disagraphic tools and the balance in 321,264 have been conditionally placed with investors. As a result, Mr F.A. Biggs, director, becomes interested in a further 56,017 shares.

HANSON, the industrial consponents in the group.

HANSON, the industrial consponent investment dealing profits were down almost tito for companies of investment dealing profits were down for its disposal of a company almost tito of tits deponent consultancy. In month, Hanson has sold Kidde's the public relations group that the profits the public relations group that complete diast the annual meeting of companies of the current year had started comp, a division of AEG, for successfully, with over 90 clients to AS2.5m of Blue Arrow ordinary states of the year to June 30, 1987, in the year to June 1988, and the balance in 321,264 have been conditionally placed with investors. As a result, Mr F.A. Biggs, director, becomes interested in a further 56,017 should be a successfully and the public relations group that the public relations group that the public relations group that the public relations from the first to £73,539, and investment

> Upon the instructions of The Hongkong Bank Group 193-195 Brompton Road, London SW3 FOR SALE FREEHOLD mixed commercial/residential building with car parking of interest to occupiers, developers and investors Contact: Lucinda du Boulay/Chris Fossick 01-499 8644 20 Grosvenor Hill, London WIX OHO



Copies of this announcement are being posted to all members at their registered address.

UK COMPANY NEWS

Mountleigh meets City expectations with £35m

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MB TONY Clegg, chairman pleted the purchase of Stockley and chief executive of Mosan for £385m in cash and shares, for £385m in cash and shares, and in September it paid £271m cash for control of Pension company's business as the Fund Property Unit Trust. In property group reported a near threefold increase in pre-tax profits for the six months to end-October.

"There is no evidence that the recent sharp fall in stock markets is having any significant impact on property prices," he said, "and demand for commercial property remains strong. The second half of our year has started well with a significant volume of sales contracted and completed."

His comments failed to stop the share price easing in line with a property sector depressed by yesterday's bank-ing figures. Nevertheless, the £22.33m advance in profits to £35.42m was at the top end of City expectations for a period during which Mountleigh made two substantial acquisitions.

In June, the company com-

Growth in extraints per share was 11 per cest, from 8.9p to 9.88p on a fully diluted basis. The interim dividend was raised 25 per cent to 1.25p.

Turnover was £103.98m (£60.81m), divided between rental income of £7.8m (£4.08m) and trading turnover of £96.18m (£56.73m). Operating profits amounted to £21.24m (£13.04m), not including a profit of £14.18m srising from the first disposals of assets in the PFPUT portfolio.

A profit of £9.8m on the sale of investment properties was taken below the line; as was a £7.75m provision for unrealised losses on Mountleigh's stake in retail group Storehouse.

Mountleigh's shares have been under a cloud since the summer when Mr Clegg attempted to stray from the property world with the abortive approach to Storehouse. Black Monday soured sentiment further, and in the last six months the shares have underperformed the market by nearly a quarter — a sad contrast to the previous five years when the share price was animated by compound annual growth in dividends, earnings and assets of in excess of 40 per cent. Although yesterday's figure were not enough on their own to reverse the trend, it seems odd that the market greeted Mr Clegg's confident prognosis with such indifference. Brokers marked up their profits estimates for the full year to around £82m, putting the shares on a prospective multiple of 8. Hardly demanding, especially in the light of a near 30 per cent discount to estimated net assets of 285p per share.

Denmans recovers to £1.1m

THE RECOVERY signalled at the electrical wholesale business moving the time of the interim state ment in July resulted in Demmans Electrical, USM-quoted can keep the business moving foward, he added. Since the year end Denmans per share rose to 16.2p against recording taxable profits of had acquired Commercial and \$1.1m in the year to end-September 1987 - a 28 per cent increase. The outcome was achieved on a 15 per cent upturn in turn-

Regarding current trading, Mr Denman said "our business in the first quarter has been buoyant and, providing the economy generally does not suffer a set-back, we are confident that we shall again increase earnings

Wassall ahead

John Beales lifted its profit from £602,000 to £812,000 in the half year ended November 30 1987, and remains confident of further growth in the current period.

Liquidity remained high with funds available for expansion, the directors said.

Textile division (men's socks.

Sumrie Clothes in equity issue as losses continue

BOSSI showed a loss before tax of \$104,000 in the year to July 31, but it is forecasting

July 31, but it is forecasting pre-tax profits of \$280,000 in the current year. Sumrie may pay additional consideration dependent on future profits.

Boardroom control at Sumrie changed last year when Master Financial and City & Westminster Financial acquired a 28.6

per cent stake, since increased to 29.5 per cent. Mr David Sin-clair became chairman and CWF's. Mr Andrew Greystoke

and Ms Sally Morgan became directors. Mr Michael Hepker, the former tax lawyer and his

prices. An exceptional debit of £129,000, moch of which related to previous years, was needed to reflect stock write-

downs and unpaid commissions.

Tornover fell sharply, because of the closure of the Goldthorpe factory, to £879,000 (£1.5m). There was a trading loss of £117,000 (£51,000 profit), interest costs of £52,000 (£26,000) and an exceptional debit of £129,000, relating to stock writedowns.

BY PHILIP COGGAN

Sumrie Clothes, the strug-gling textiles company, yester-day announced a long-awaited equity issue, together with fur-ther substantial interim losses. The company is also making its first acquisition since City & Westminster Flancial acquired

beardroom control.

The £500,000 equity issue was urgently needed to shore op the balance sheet. In the op the balance sheet. In the company's annual report, net assets were just \$393,000, less than the paid-up share capital. And in the six months to September 30, the company incurred a further attributable loss of \$298,000.

The company is offering associate Mr Meir Spungin resigned from the board.

1.25m shares at 40p each, compared with Wednesday's closing price of 75p. The shares are being conditionally placed with investors, but will be available prices. An exceptional debit of

investors, but will be available to shareholders on a one-fortwo basis.

Sumrie has also agreed to acquire Betty Owen Enterprises (BOEI), a US group, for 368,000 ordinary shares plus a cash payment of \$300,000 (£167,000) for preference stock.

stock.

In a complicated deal, BOEI is [551,000 profit), interest costs buying Betty Owen Secretarial Systems (BOSSI) in a leveraged buyout from Edudata Corporation. BOSSI provides specialised audio-visual secretarial and staff training programmes and Sumrie says the acquisition is the first step in a long-term move trading loss of \$117,000 (552,000) and an exceptional debit of £129,000, relating to stock writedowns and unpaid commissions.

The loss per share is 11.9p (earnings lp) and there is no interim dividend. Sumrie's shares closed down 8p at 67p.

Prism Leisure up 22% Prism Leisure, which joined gins continued to improve in the USM last February, increased pre-tax profits by 22 per cent from £223,000 to £273,000 in the half year to end-September despite lower demand for its computer games software.

gins continued to improve in this area, the directors said.

Turnover rose from £2.5m to £2.81m and earnings per 10p share on a weighted average demand for its computer games software.

Software.

However, sales of records, cassettes and compact discs were greater than had previously been estimated and mar-BOARD MEETINGS

TODAY

thiorisms—BCE Holdings, A.Caind, Carrioss, Land
Listure
Finale—Graenifier investment

Thropmerton Trust ____

on the move

- Year on year like for like sales growth excluding inflation has been 3.3% overall, with 4.1% in food.
- ▲ We will open 9 Superstores this year.
- Growth in refurbished stores is very satisfactory.
- Gross margins continue to improve.
- Operating net margins improved from 5% in last year's first half to 5.7% in this first half.

"We've grown ASDA's profits by 30% whilst at the same time managing our very considerable investment in the future.

The powerful momentum of sustained growth is only now beginning."

> John Hardman Chairman

Interim results 28 weeks to 14 November 1987

ASDA-MFI GROUP PLC

For copies of the interim statement, please write to the Group Company Secretary: ASDA-MFI Group plc, Axis House, 3 Rhodes Way, Watford WD2 4PP

DEVELOPMENT—continued

กับ โดย วิธี จระสงทางสุ เสนิก เกร

Free State Consolidated **Gold Mines Limited**

incorporated in the Republic of South Africa issued Capital: 116 179 121 shares of 50 cents each

December 31 1987

OPERATING AND FINANCIAL RESULTS-continued

Report of the directors for the quarter ended

The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

Area mined-m" 000	. 105	750	18 849			Dec. 1967	Sept. 198	7 Sept 1967		metres	metres	Charried				HUIP HUIP
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Tield—g/t—reel	0.75	5 12 C.86 4 42 22 465 615 30	5 10 0 M	Pyras Boladon plants sitnes treated—long-000		4 103	354	6 15748	SOUTH REGION							
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PRICE RECEIVED ON SALES	. 200	20 750	19 220	Uranium plant	•• ••••				President Brand Mine				1			
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-coets	742.0 546.7	467.D	1912.9	Copts Profit Captal expenditure	•••••	7 34.0 34.0 23.5 10.3 1.3	3	1 10.0	'A' med	1 824	648	117.2	4.30	515	0.14	15.60
-profit	105.2	200 2 21 2 22.4	56.0 71.7						Free State Sealplass N	Vine						
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The second secon	. 214.3	252.8	1 102.9						Leader reef	968	134	89.3	3.00	276	0.29	25.73
Deduct Royalty psychia to Castern Gold Holdings Limited	6.8	0.8	. 04	North Region					Erfdeel							
						metres	بطود		Basel roof	8 963	796	86.8	13.04	871	0.46	30 40
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Profit after Woodlon. Appropriation for depical expenditure after foun features.	122.5	156.1	517.4	No 1 main shaft			44	2 1 101	Quarter unded December 1987	42 172	0 004	54.8	18.64	1 208		20.13
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Enricos per stare—carte Capitel expanditure—R relation Loon Iron Esstare Gold Holdings Linited— depen to dela—R relation	130.5	173.1		South Region					Quarter ended December 1987	5 329	1 030	124.8	3.86	482	0.12	14.00
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				Free Basin Saniphony Mines No 5 main shaft Advence		24	7	9 441		20 -22	0 400	110-	4.20	-442	0 12	13.30
OPERATING AND FINANCIAL	RESULTS			Decen is dien		1 827	1 81 67	1 616 2 006	DIVIDEND							
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Come	281.0	2470	. 958.5 523.2		4464 521		23.69 9			-	AII	/				
Come Profit Capital aspectifican	\$1.5	101.2	358.5	Lasser reef	923 326 504 111			2 0.26 30.67 17 0.08 21.52	The attention of s	shareho	olders	of the	ese c	neamo	ies i	a İ
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and an extend the state of the		7	7		1680 ITS	2 290.2	356 10									
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	R militon	R reflor	R saltion	Bioti mil	1561 934	4 17.8	82.47 16	6 1.03 15.41	The Transvaal Group	s qua	rterly	results	appear	on a	nothe	r
Revenue	4	17 07	17		2169 63			0 0.25 28.44	pa	ge in t	nis ne	wapapa	H.			1

The outcome was achieved on a 15 per cent upturn in turnover from £19.28m to £22.16m. Mr Arnold Denman, chairman, said the results confirmed the group's success in improving the efficiency and strengtheming the marketing ability of sition of well-managed, comple-

John Beales advances

Textile division (men's socis, months, came to \$11.99m underwear and outerwear) (\$8.9m). Earnings were 12.7p maintained margins on higher (13.5p) and the interim divituraover, while Truda Components: contributed to profit dend is raised to 1.65p (1.5p). nents: contributed to profit after reorganisation.

The refrigiration division total dividend 5.5p.

Acquisition helps lift

Hill & Smith to £3.5m

to £0.8m at midterm

per share."
A final dividend of 2.65p is proposed, making 4.05p (3.85p) for the year.

Wassall ahead
For the six months to July 31
1987 trading at J.W. Wassall,
footwear retailer, was below
target because of unseasonal
weather. However, trade picked
up later in the year, exceeding
targets over the Christmas
period.
For the opening six months
turnover totalled £1.42m
(£1.38m) and profits £12.573
(£2.908) pre-tax. Earnings
emerged at 0.69p (0.07p) per 6p
share. The directors expected
the results for the full year to
top 1986-87's static £50,000.

FREEGOLD

Taxable profits of Hill & This had encouraged the group in pursuing an active acquisition policy, he added.
The current year had begun over 70 per cent to a record well, he said, with record activity in each of the group's three divisions.

Taxable profits of Hill & This had encouraged the group in pursuing an active acquisition policy, he added.
The current year had begun well, he said, with record activity in each of the group's three divisions.

Tax took \$1.27m (\$696,000), leaving earnings per share of \$15.41p (9.36p). A final dividend of 3.025p is proposed, making 4.376p (adjusted 3.5p) for the year. A 1 for 10 scrip issue is proposed. OPERATING RESULTS Samuel Heath improves

PROFITS OF Samuel Heath & would at least be equalled.

Soms, giftware and hardware depressed £79,000 to £236,000 and a first interim dividend of pre-tax for the six months emded September 80 1987.

With the exception of the US division all sections enjoyed satisfactory trading conditions.

The directors said trade continued to be buoyant and that arrangements in the US had been drastically altered.

They hoped that 1986-87's pre-tax profits of £549,000 Coldfield during 1988.

Abingworth * net assets improvement

expansion of the management team.

The directors said that despite the nervousness and volatility of the financial markets, they believed it was right to be cautiously optimistic. The portfolio contained a substantial number of soundly-maniaged and well-financed companies with high growth potential and the directors believed that their fundamental strengths would be reflected in the company's asset value.

Were uncasnged at 7.41p.

Johnson Jackson was expected to achieve pre-tax profits for the year to end-December 1987 of not less than \$300,000.

Derby Trust

Derby Trust

Perby Trust

293p. (306p) per 10p capital share. Second interim dividend was 6.0966p (4.8609p) making a total of 10.849p (9.1153p) per 25p income share.

Halftime rise at Whinney Mackay-Lewis

Abingworth, venture capital investment group specialising in the high technology sector, reported net asset value at 313p on December 31 1987, still up on the comparable figure of 306p despite the fall in quoted markets from October 19.

In the six months to end-December the company increased pre-tax profits from \$65,034 to \$22,848 while total income reescences nearly 70 per cent from \$432,497 to \$730,651.

This compares with pre-tax profits of \$385,000 for the year ended June 30 1937, down from \$504,000 the previous year and total income of \$1,29m (\$1.3m).

Interim earnings per 10p share doubled to 0.34p after tax of \$3,990 (\$29,508). However, administrative expenses increased from \$367,463 to \$657,803 as a result of the expansion of the management.

The directors said that

Aid agency seeks improved funding

By John Madeley

AT ITS meeting in Rome next week the international Fund for Agricultural Development, the UN's hard-pressed small farmer agency, will be seeking a method of funding that enables it to meet a growing number of requests for aid to third world agriculture.

The agency, set up ten years ago to get aid through to tha poorer farmers that larger aid agencies were missing, is funded jointly by Western and oil exporting countries. So far it has lent \$2.4bn to 89 developing countries, giving small farmers access to seeds, fertilisers, credit and other

inputs.
It claims that its efforts have ied to the production of an additionsi 24m tonnes of cereal, heiping ii0m of the poorest people in developing countries.

The weaker state of their econ-omies in the 1980s ied to the oil exporters to seek a cut in their contributions to the cy's largest contributor, unsympathetic to this request, the fund has fallen victim to a donor wrangle and is currently recoiving less than half the money \$460m that it received in its first three years. Oil exporters contribute 40 per cent of the

"The funding arrangement as it is cannot continue," said an agency official; "The oil countries are too weak."

At next week's Governing Council meeting, which marks IFAD's 10th anniversary, Mr IrAD'S 10th anniversary, mr
Idris Jazairy, its Algerian
president, will report on the
findings of a committee
which has been looking at
how to increase the organisation's funding to meet the
demand for loans.

The report will propose that a new coalition be set up with a view to giving the agency a more secure financial future. Middle-income developing countries, Brazil for example, will be asked to contribute more to make up for the fall-ing contributions of oil

exporting countries.

IFAD officials say that the middle-income countries are generally sympathetic to the

Other proposals to be considered include the establishment of a banking affiliate to augment resources; that the organisation be allowed to borrow from governments and on the market; and that a trust fund be created to increase financial flows.

further proposal is that it should seek more co-financing with other ald donors although this is already well advanced. IFAD's \$2.4bn of loans has been matched by another \$7.5bn through co-

Nymex drops plan to link with IPE

contracts bave enjoyed their great success of recent years, floor traders have been very protective about their business. "There is a feeling that this market works very efficiently and we don't understand what will happen if we change that," one trader commented.

Added to that, some trad-lng operations were con-cerned that the extra busi-

cerned that the extra businoss to be gained from
London would not warrant
the expense of expanding
across the Atlantic.

"At the moment we can do
it ail in five hours and it
makes it a lot easier to get
things dono," cnumented
Ms Mary Begonia at E.D. &
F Man International, who
says her European enstom-

r man international, who says her European custom-ors are used to using Nymex. US oil rofiners thomselves have resisted

any move to extend trading bours that would keep them staring at their screens for any lunger than they do

The decisinn will force the IPE to concentrate on other directions for devel-

opment.

"The IPE will now actively pursue other avenues which have been under consideration but had been put on build pending Nymex's response in line with the IPE's responsibility to its members and the nil trade, eepecially in Europe, the Middlo East, and the Par East," Mr Wildblood said.

Mr Wildblood yesterday declined to elaborate on what those avenues for

THE NEW York Mercantile Exchange yesterday pulled ont of a proposed joint ven-ture with the London-based International Petro-

based International Petro-lenm Exchange that would have allowed truding of Nymex contracts in London. The decision came as a surprise, and is n blow to the development plans of the IPE, which has several times failed in efforts to establish a futures contract in crude oil. in crude oil. Mr Peter Wildblood, IPE

oxecutivo chairman, expressed great disappoint-ment at the decision.

ment at the decision.

"Wo have learned of the Nymex decision with regret—not to say n little surprise in view of the very positive way negotiations have been progressing hitherto—since we believe such a link would have been not only in the best interests of both exchanges but of the world oll trade as a wbolo," he said.

Ms Rosemary McFadden Nymex president, said the Nymox board bad decided to pull not because it "isn't in the exchange's best inter-

in the exchange's best interests at this time."

Nymox still wants to make its markets moro accessible to the international oil community, according to Ms McFadden, and a move to London was not one way to do this and a move to London was nuly one way to dn this. "We will now look at some modification of our trading hours eithor by extending our bours in New York or some sort of screen trading," she noted.

Nymex has the option of

nymex has the option ny listing its nil contracts nn the Post Markot Trade screen trading system being set np by the Chicago Mer-cantile Exchange and Reu-

ters. However, since Nymex's

LME lead supply squeeze looms

By Kenneth Gooding, Mining

TRADERS FEAR that the London Metal Exchange might be very short of lead in mid-February – the 15th and 17th seem to

Concern about the situation

Fundamentals

Briggs, analyst with Shearson Briggs, analyst with Shearson Lehman Brothers' London Met-als Research Unit, pointed out: "It would not be sensible to attempt to squeeze the market when the fundamentals are going in the wrong direction. The price of lead was falling and it has the potential for fur-ther fells"

ther falls".
Mr John Harris, analyst with
metal traders Rudolph Wolff,

Both analysts pointed to the fact that the price of lead for delivery in three months did not change yesterday, a sure indication that traders did not development might be.

The IPE bas established reasonable liquidity in gas oil fatures, but other contracts have failed to catch on.

Indication that traders did not feel there would be any findamental shortage even though LME stocks are currently very low at 13,250 tonnes and it would cost only about \$6m to buy it all.

Brussels and Bonn strive for compromise on farm policy

BY THE DICKSON IN BRUSSELS

would appear to have dimmed the chances of overall agree-ment on the Community's long term budgetary plans at next month's emergency Summit in Brussels, though optimists hope that Bonn's political need to placate its powerful farm lobbies may be only a temporary obstacle to genuine progress.

THE EUROPEAN Commission and the West German Government were yesterday working on options for a possible compromise package of farm policy reform amid clear signs that the commission's tought market-orientated approach.

The move follows Wednesday's decision by Mr Ignar Kiechle, the West German Farm Minister and current chairman of the EC Council of Agriculture Ministers, to adjourn this week's incooccusive council meeting until tomorrow after neoval is designed to yield a new paper which will break the iong standing negotiating deadlock between member states.

Commission officials, howover, were highly dubious about the chances of finding a formula which Mr Frans Andriessen, the EC's Agriculture Commissioner, would be able to back, while British diplomats warned that there was no prospect of agreement if Bonn maintained its current approach.

This week's devolopments would appear to have dimmed the commission is for cereale, compared the chances of overzil agreement in the commission. It is designed to yield a new paper which will break the incorposal which be consisted as a compared to the chances of finding a formula which Mr Frans Andriessen, the EC's Agriculture Commissioner, would be able to back, while British diplomats warned that there was no prospect of agreement if Bonn maintained its current approach.

This week's devolopments would appear to have dimmed the chances of overzil agreement in the commission. Is fished to emphasize an element in the commission is likely to the carrier proposal for largely political and psychologic truth hudgetary plans at next from the commission as next the commission is likely to the carrier would appear to have dimmed the chances of overzil agreed (as against inn.). In the package which the current proposal for largely political and psychologic truth hudgetary plans at next few donnes for sunflower seed days since Mr Klechle claims to the commission is fixely to the carrier to a periodection which the commission is the productivity as proposal, which the current is th

with the current proposal for vith the current proposal for 155m tonnes, 4,5m tonnes for rapeseed (as against 4m.), 2m tonnes for sunflower seed (1.9m.) and 1.2m tonnes (1.1m.) for soya. Price cuts for olineeds in the first year should be restricted to 5 per cent, and limited by increases in yield thereafter.

Possibly the greatest cause be unanimous.

Panic buying' blamed for wool surge

By Chris Sherwell in Sydney

AUSTRALIA'S market indicator price for wool surged through the psychological barrior of 1,000 Australian cents a kg yesterday to beat the record set the day before.

The rise drew a sharp reaction from Mr David Asimus, outgoing chairman of the Australian Wool Corporation, who said it was the result of "panic buying" and would introduce uncertainty into the market. He was speaking at the National Agricultural Outlook Conference in Canberra after the indicator price had shot up on Wednesday from 956 Australian cents a kg (clean) to a 995 cents. Yesterday it finished at 1,004 cents.

The wool price has risen so strongly in the current selling season that it is expected to overtake cost as the country's biggest, export earner, reviving the old cliche about Australia "riding on the sheep's back."

Disruptive effect

The sudden increase seen over the pest two days is remi-niscent of a similar surge last August and September, which had a disruptive effect on the

had a disruptive effect on the market.

Then, the indicator price least to 945 cents, only to fall back to 794 cents. The reversal prompted the Wool Corporation to raise its support price to shore up confidence.

So far this season the indicator price has averaged 873 cents, 53 per cent above the comparable figure in 1986-87. The trade clearance rate at auction has averaged 96 per cent.

tion has averaged 96 per cent, compared with 86 per cent last

Season.

Recent heavy sales from the Corporation's etocks have reduced them to 100,000 bales from 145,000 at the end of 1987. In October 1984 its stocks stood at 850,000 bales.

"I am confident that the factors that have contributed to this strong demand will continue to underpin the market for the remainder of the season." Mr Asimus said yesterday.

day.

But he said the longer term picture depended critically on economic growth in major mareconomic growth in major mar-kets. If there was a contraction, the corporation was well-placed to support the market through a counter-cyclical stock-holding role: stocks were low and the market support fund stood at A\$1.2bn (£4.2km).

more farmers to produce wool.

Mr Asimus warned that a
downturn in demand later could
lead to a rapid build-up in

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State of the state

ary - the 15th and 17th seem to be the key dates - but analysts are sceptical about suggestions that an attempt is being made to corner the market. Nor do the LME authorities seem to feel that any more than the normal level of vigilance is required in the current circum-stances.

Concern about the situation drovo up the cash price of lead yesterday by \$24.75 to £394 a tonne and widened the premium over the price for metal to be delivered in three mooths time (backwardation) from \$21.75 to \$46.50.

said: "Lead prices are expected to drift down as the year prog-resses". Whiff estimates that ead consumption this year will increase by about 2 per cent and production by 3 per cent to provide a 56,000 tonnes sur-

Sugar deficit forecast at 4m tonnes

BY DAVID BLACKWELL

WORLD SUGAR production is account the severe drought set to fall 4m tonnes below which is damaging the crop in demand for 1987/88, taking morth-east Brazil.

The seriousness of the situation in the Philippines crop, which has been tion in north-east Brazil, which is drought and typhoon. In the short term, according to C. Czarnikow, the influential London broker.

Czarnikow now revising its estimates for world supply and demand, taking into particular country the severe drought will be further affected by an expected in will be further affected by an expected reduction in the Philippines crop, which has been hit by drought and typhoon. Cnba also has "very serious near term commitment problems," says the broker.

Czarnikow saye in its latest of the demand side, Chinese imports seem likely to rise further affected by an expected reduction in the Philippines crop, which has been hit by drought and typhoon. Cnba also has "very serious near term commitment problems and typhoon learning the crop in will be further affected by an expected reduction in the Philippines crop, which has been hit by drought and typhoon. Cnba also has "very serious near term commitment problems are term commitment problems."

Czarnikow saye in its latest of the demand side, Chinese imports seem likely to rise further affected by an expected reduction in the Philippines crop, which has been hit by drought and typhoon. Cnba also has "very serious near term commitment problems, and typhoon are term commitment problems." WORLD SUGAR production is account the severe drought. Sugar available for export

that most other member states are broadly in favour of his proposals. In the absence of a formal Commission endorse-ment of his ideas, any decision by the Council would have to

New Zealand lambs go west in search for wider markets

Previous High/Low

1272 1270

Turnover:2232 (2831) lots of 10 toruses (CCO indicator prices (6076 per tennis). Dež price for Jamusry 20: 1473.11 (1478.77) .10 de average for January 21: 1448.78 (1448.08).

Close Previous High/Low

COFFEE L/tonne

A MEDIUM-SIZED freighter and the CT & H Company of spare capacity in feedlots in still have their tails on, for sacrificial killing at the time of the ers and industry representatificial killing at the time of the ers and industry representatificial killing at the time of the ers and industry representatives, which has limited annual

LONDON METAL EXCHANGE

A MEDIUM-SIZED freighter tiled up at Timaru wharf, in the South Island of New Zealand, Oregon. It Involves the initial shipment of 10,000 are cargo of several thousand four month old lambs. In about a month, the animals will be inflicially spend and farmers.

NZ55m (\$1.85m\$) to New Zealand and farmers.

NZ55m (\$1.85m\$) to New Zealand and farmers.

NZ55m (\$1.85m\$) to New Zealand and Australiae is a spending of the composed on the west coast of the US. Then they will spend a lew more weeks on feeding lots before being slaughtered and sold as US-produced lamb.

The transaction is making history in New Zealand's trade is a spending to the remarks to broaden the market. In the US, the deal has been and the UT or nontreased by American sheep of the initial shipment of 10,000 and the initial shipment of 10,000 are rested has been across of several thousand four month old lambs. In about a month, the animals will be a sensitive issue, on both political and bumanitarian grounds, in New Zealand and Australiae.

The transaction is making history in New Zealand's trade and animals are nor rest depressed market, to selling the time of the ers and industry representatives, which has limited annual (slaughterhouse). The meat also supplies arimals for non-religious consumption.

The trade work and the UT or the discussion before being slaughtered to the freezing works. Time the second in the pignous consumption.

The trade work and the UT or the deal has been also supplies arimals for non-religious consumption.

The trade work and the time of the ers and industry representatives, which has limited annual (slaughterhouse). The meat also supplies arimals for non-religious consumption.

The trade work and the time of the ers and industry representation in the sales out of total exports to just under Im animals out of total exports to just under Im animals out of total exports to just under Im animals out of the trade anounting to the cquivalent of being for she wool and has the producers Board been opposed on humanitarian grounds return of NZ\$15 an animal.

attempt to broaden the market fur its prime export. The trade in live animals to the Middle East is now well established, but this is the first time lambs have gone west.

The new deal is between New Zealand Steamhead investments

The new deal in New Zealand's mission age of US lambs, together with a stangence in New Zealand's a stangence nouses.

A\$200m (£80m) a year, is mainly now accompanied by a wet) and in killing procedures.

In the US, the deal has been opposed by American sheep farmers, who have apparently wool-bearing or breeding days are over.

For the last three years, New Zealand sheep farmers are currently receiving very low markets for its grounds that the trade threatent in Washington with protests, but the companies involved justify the deal because of a short-lamb in Mining procedures.

In the US, the deal has been opposed by mainly of nider animals whose in the also been opposed by slaughterhouse workers, on the grounds that the trade threatens are currently receiving very low prices for their animals. Mr Board. However, Iran and the opposition has been the creating and now sells to 92 counting the procedures.

New Zealand sheep farmers are currently receiving very low prices for their animals. Mr Board. However, Iran and the opposition has been the creating and now sells to 92 counting the procedures.

In the US, the deal has been opposed by slaughterhouse workers, on the grounds that the trade threat for its lamb, which could in turn opposed by slaughterhouse workers, on the grounds that the trade threat for its lamb, well and it in the last is encourage exports of chilled or formed and poultry. Over the last in the salso been opposed by slaughterhouse workers, on the grounds that the trade threat for its lamb in killing procedures.

New Zealand sheep farmers are currently receiving very low prices for their animals. Mr Board. However, Iran and the minimum tow accompanies in the last in the consumption of cheaps wet, and the opposition in the last in the consumption of cheaps wet, and the op

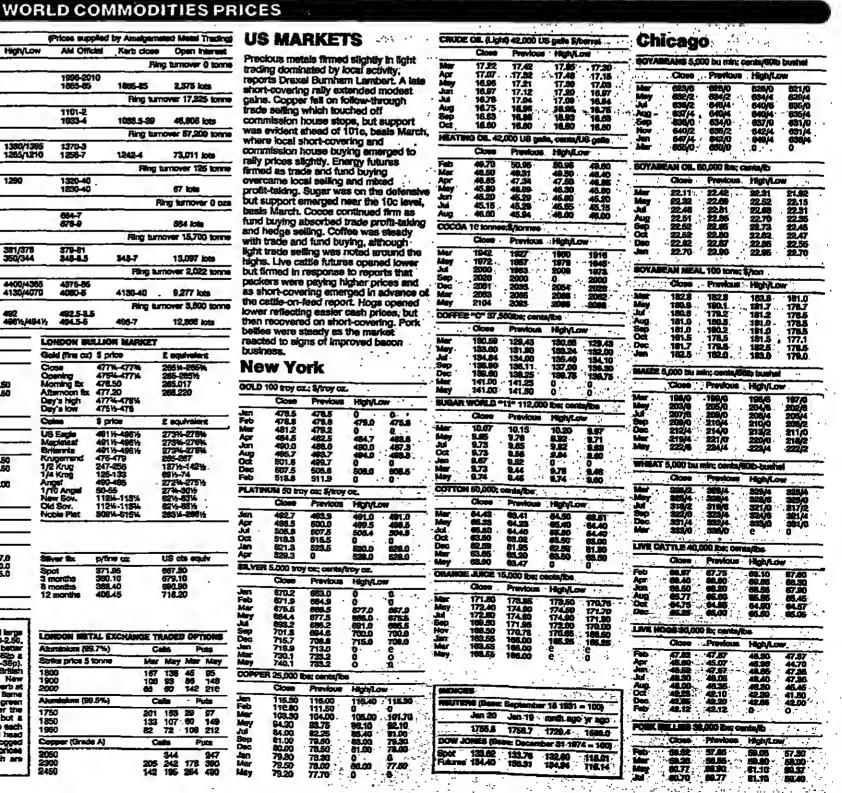
Wool promotion efforts would meanwhile remain essential to prevent an erosion of market share as high wool prices encouraged manufacturers to shift into competing fibres, Mr Asimus said. High prices would also encourage

LONDON MARKETS

COPPER PRICES recovered after suffering steep falls of up to £90 s tonne in pre-market trading as speculators showed increasing nervousness about the ability of the market to maintain its long-term bull trend. Late overnight falls on Comex undermined sentiment, and the pace of the fall in both LME and Comex stocks has slowed down. But traders said market fundament remained broadly unchanged, with good physical demand finding inventories low. The market rallied strongly towards the close, but still finished with £43 a tonne off the three-month contract at

21,265.50 a tonne. Con- count also unsettled all the late rally in copper aluminium prices, and slightly ahead. Dealers prices attracted under which helped to firm m	minium pri helped to they close sald and d lying trade	ices, but boost d dip in buying,	Mar May Jly Sep Nov Jan Turnovi	1223 1246 1268 1287 1310 1330 er: 1774 (3	1228 1252 1275 1294 1514 1334 122) lots of	1228 1222 1250 1243 1272 1258 1291 1257 1311 1307	
			day ave	20: Com	p. daily 197 51 (114.57).	ents per pound) 9 115.49 (115.15);	1
SPOT MARKETS			SUGAR	\$ per ton	70		-
Crade oil (per barrel FOB)		+ 07 -	Raw	Close	Previous	High/Low	-
Dubei Brent Blend W.T.I.(† pm est)	\$15,48-5.54 \$17,05-7,16 \$17,40-7,50	y +0.40 y +0.275	Mar Mey Aug	225.80 220.80 218.60	225.40 218.60 216.20	228.00 224.00 222.20 218.00 220.00 217.00	-
OS products (NWE prompt	delivery per t	+ OT -	Oct	218.60 218.00	216.00 218.60	220.00 216.60	
Premium Gasoline Gas Oli	\$157-180 \$148-145		May	218.80 219.80	213.80 213.80	216.00 214.00	
Heavy Fuel Oil Naphtha	\$71-73 \$148-180		White	Close	Previous	High/Low	_
Petroleum Argue Estimetea Other		+ or -	Mar	256.50 256.50	257.00 257.00	261.00 254.00 257.50 253.00	
Gold (per troy oz)\$	\$477.50	+0.25	Aug	259.50 259.50	260.50 262.50	281.50 257.00 281.50 257.00	
Silver (per troy oz)é Platinum (per troy oz) Palladium (per troy oz)	668c \$492.75 \$123.78	-6 -5.25 -1.75	Mer May	260.00 263.50 264.50	253.00 254.50 270.00	284.50 260.00	
Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (European free market) Tin (Nuela Lumpur market) Tin (New York)	134%-135c 40c 360c 23675 17.28r 320.5c	+10 -15 -0.08	Paris- W Aug 145	561 (5257) Inite (FFr 5, Oct 145 . \$/tonne	per tonne): 5, Dec 1450	Mer 1430, Mey 143 5, Mer 1474.	_
Zinc (Euro, Prod. Price) Zinc (US Prime Western)	\$880-900			Close	Previous	High/Low	_
Cettle (live weight)† Sheep (dead weight)†	105.10p 141.36p	-1.07° -11.59°	Feb Mar Apr	145.25 143.26 139.50	144.00 142.50 139.75	146.00 145.00 144.25 143.25 141.25 189.50	
Pigs (live weight)	64.230	-1,41°	May	137.00	137.00	139.00 137.00	
London dally sugar (raw) London dally sugar (white) Tata and Lyle export price	\$256.00w \$257.00w £251.00	-3.40 -5.00 -2.00	Turnove	138.75 r: 2321 (3	138.00 370) lots of	139.25 138.75 100 topnes	-
Barley (English feed)	2111.00y	-0.50	GRAINS	2/tonne			-
Malze (US No. S yellow) Wheat (US Dark Northern)	£135.50 £95.75u	-0.50	Wheat	Close	Previous	High/Low	-
Rubber (spot)♥ Rubber (Feb) ♥ Rubber (Mar) ♥ Rubber (KL RSS No 1 Feb)	68.00p 65.75p 85.50p 278.50m	-0.50 -0.50 -0.50 -2.00	Jen Mer May Jay Sep	110.10 112.00 114.50 116.60	110.50 111.70 114.10 118.30	110.10 109.75 112.00 111.00 114.50 113.50 116.50 116.60	
Coconut oil (Philippines)§ Paim Oil (Malaysign)§ Copra (Philippines)§	\$585.00w \$486.00 \$390.00	-6.00	Jan	102.25 104.15 108.90	102.30 104.30 107.00	102.25 104.25 104.15 106.90	
Soyabeans (US)	£164.50	-2.00	Barley	Close	Previous	High/Low	_
Cotton "A" Index Woottops (64s Super)	71.10c 517p	-0.90 +14	Jan Mer	105.70 107.50	105.60 107.40	105.70 105.25 107.50 107.00	
£ a tonne unless otherwise c-cents/fb. r-ringdt/kg. w-F z-Mar. y-Feb. u-Apr/May †	eb/Mar. v-Ja/ Meat Comme	n/Feb. selon	May Sep Nov Jan	108.40 97.15 99.80 101.90	108.60 97.25 100.00 102.15	108.40 97.15 99.80 101.90	
aversge fatstock prices," c ago. ♥ London physical ma & Bullion market class, m-k cents/kg	rket & CIF R	otterdem	Turnove		17 (369) . E	artey 58 (20)	

	Class	•	Previous	High/Los	~ .	AM Offic	tes Kerb (icee	Open Intere
Alemir	ikaro, 96.7	% purity (per torme)					Fling 1	Ernover 0 to
Cesh 3 mont		-2010 -85	1980-80 1880-80			1990-20 1865-85	1865-1	15	2,575 kets
Alumir	ium,99.57	purity (£	per torne)				Rin	g furnov	er 17,825 to
Cash 3 mont	1103 ths 1157		1091-8 1036-7			1101-2 1033-4	1038.5	-39	46,808 lots
Coppe	r, Grade A	(2 per tor	276)				Alin	g turnov	er 57,200 tot
Cash 3 mont	1377 tu 1265		1425-30 1308-9	1380/130 1285/121	10	258-7	1242-4		73,011 lots
Coppe	r, Stander	d (E per to						Ving turn	nover 125 tor
Cash 3 mont	1330 018 1240		1395-400 1290-5	1290		1320-40 1230-40			67 lots
	(US cants/							Alm	turnover 0 c
Cash 3 mora	664-1 ths 676-1		667-70 678-81			564-7 578-0			884 lots
Leed (E per tonn	e)					Pla	turnov	er 15,700 tor
Cash 3 mont	3924 ths 3474		369-0.5 347-8	351/378 350/344		379-81 348-8.5	548-7		13,097 lots
Nickel	(Z per ton	TB)					73	ng Euriko	ver 2,022 ton
Cash 3 mort	4420 the 4120		4410-30 4110-20	4400/430 4130/407	70 2	4375-86 4080-5	4130-4	0 .	9,277 kots
Zinc (E Cash 3 mont	per tonne 493-	i	493-6 496-8	492		92.5-8.1 194.5-6		ng Burno	ver 3,800 ton 12,886 lots
	DES E/Ion	-					LION MAR	CET	
	Close	Previous	18gt/Low			(firm 0x)			equivalent
Feb	98,00	98.50			Close		477%-477%	26	514-265%
Mer	85.00 154.80	88.80 155.50	38.00 155 00 154	en.	Open	ing Ex	476%-477% 478.50	26	5-205% 5.017
Apr Vay	158.80	169.50	155.90 154 170.20 168	.50	Albert	NOON RE	477.20		8.220
Nov Feb	90.00	91.00 98.50	90.00		Day's	high	47512-478%		
			00 tonnes.		Colm		\$ price	2	equivalent
	EAN NEA		-		USE	rie .	48115-49615	27	3%-275%
	Close	Previous	High/Low		Mack	ries!	49115-49615	27	34-2764 34-2764
lipr	128.00	130.50	129,50 128		Krupe	भारतार्थ	475-478	26	5-267
lun Du	123.60 121.00	124.00	122.50 122		1/2 K	rug rod	247-256 126-133	18	7½-142 <u>%</u> . ½-74
)ct	123.00	125.00	124.00 123	.00	Ange		490-485	- 27	24-27513
Dec	125,00	127.50	125.00		1/10	Linguis Court	50-55 1124-113%	27	%-30% %-83%
eb	129.00				Old S	OV.	1124-1181	62	14-8815 ·
	87. 202 (15 17 FUTUR				Noble	Plet	50814-51514	26	314-2051/4
	Cicee	Previous							
Jen	1409.0	1421,6	1410.D						
ų.	1447.0	1490.0	1480.0 144	7,0	Silve	2x	p/fine to	U	cts edition
BFI BFI	1345.0 1402.5	1377.5 1398.0	1345.0 130 1390.0 134 1402.5	5.0	Spot 3 mor	this .	371.85 380.10 388.40	67 80	7.90 9.10 0.90
Larmon	er. 406 (24	53			12 m		406.45	71	8.20
	T AND VI	GETARL	ES						
PRUI		each, ex	th medium and tra-large £2.00	0-2.50.	LOND	COI MET	AL EXCHAN		ED OPTION
Pinee fruit	50p-21.80	-			Atlanta	nium (99	(7%)	Celts	Puts
Pinee fruit		With Bolise	f distribut and	SPO #	_				
Pinee fruit		With Bolise	f distribut and	-35p).	_	price 51	PINTE	Nas M	ay Mar May
Pines fruit i report sroeil- ib (Si Frenc	ts FFVIB. \ -size quali 8-50p). si si golden d mbian red	Mith Bighte ty, English mail size telicious s delicious	r supplies and n coos, are 40 a 30-45p (24 re 20-40p and a are 40-55p	-36p). British New	Strike 1800		Onne	167 13	ey Mar May
Pines fruit i report smell- ib (3) Frenc Colum	ts FFVIB. \ etze quet 8-50p), si si golden d mblan red ts include	Afith Eghte ty, English mail aize teilcious ai deilcious English es	r supplies and i cord, are 40, a 30-45p (24 re 20-40p and a are 40-55p are forced must	-S2p a -S5p). British New perb at	Strike		onne	167 13	sy Mar May 88 45 95 8 86 148
Pines fruit i report smell- tb (3) Frenc Colum smivs Sn.85	ts FFVIB. \ stre qualit 8-50p), so th golden o mblan red ts include : 0 s. th suc	Afith Eghte ty, English mail aize teilcious ai deilcious English es I Chillen :	r supplies and i coos are 40 a 30-45p (24 re 20-40p and a are 40-55p and Australian	-35p). British New perb at	Strike 1800 1900 2000	price 51		167 13	by Mar May 86 46 85 8 86 148 7 142 210
Pines fruit i report stoati- ito (3) Frenc Colum strive \$0.65 seedi veget	ts FFV/B. \ size quali 8-50p), so th golden o mblen red de include i p a fo and eas grape sables aug	With Sighte ty, English mail aize teilclous ai deliclous English es I Chisen : s at 21.7 miles rem	supplies and a supplies and a supplies 40. a 50-45p (24 re 20-40p and a are 40-55p, by forsed mutand Australian 0-1.90, Leafly rain good after a supplies and a supplies a suppl	-52p a -35p). British . New berb at tisme green ar the	Strike 1800 1900 2000 Alumi			167 13 108 93 66 60 Calls	29 Mar May 38 45 95 3 86 148 7 142 216 - Puts
Pines fruit i report smell- ith (Si Frenc Colux arriva 50-85 seedle veget	ts FFVIB. \ estre quelle 8-50p), se st golden o mblan red de include i p a to and est grape ables grape to best grape	With Bights ty, English mail aize telicious as delicious as English es (Chibern : s at 21.7 plies rem construction	of Supplies and a compare 40. a 30-45p (24 re 20-40p and a sare 40-55p and a sare 40-55p. The forced mutand Australian G-1.90. Leafy rain good althought mid enails and a sare a	520 a 35p). British . New perb at fisme green the	1800 1900 2000 Alumi 1750 1850	price 51		167 13 108 93 66 60 Calls 201 15 133 10	ay Mar May 36 46 85 3 86 148 7 142 210 - Puts 83 29 97 37 80 149
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Pinest fruit i report seguito (35-54, 1825).	ts FFVIB. \ esten qualit esten qualit esten qualit th golden d mblan red ta include i p a 15 and esu grape subles sup ti wet, un rise in cate Defficulty	Aftin Botte ty, English mail alze, telicious al delicious al celicious al celicious al control control delicious al control delicious al delicious a	of supplies and a case, are 40. a 30-45p (24 re 25-45p and a sare 40-55p and fusion for 150. Leafy main good after to 46-80 re 46	520 a -35p). British New perb at figme green ar the but a 0 each i head coped	Strike 1800 1900 2000 Alumi 1750 1850 1960 Coppe	price 51	5%)	167 13 108 93 65 60 Cells 201 15 133 10 82 73 Cells	ay Mar May 36 45 85 3 86 748 7 142 216 - Puts 83 29 97 17 60 149 2 108 212 - Puts
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lacks motivation

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Control Control

Jan 21	Entest.	Previous Close
£ Sput	1.7905-1.7915 025-0.23pm 6.75-0.71pm 2.75-2.65pm	1,7990-1,7900 0.29-0.22pm 0,73-0,70pm 2,77-2,73m
Forward premi doller	and discount	mply to the I
STERLI	NG INDEX	1

CURREN	CY N	ATES	
Jan.21	ii.	Special Drawing Rights	European Carrency Unit,
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CURRENCY MOVEMENTS

Jan 21	Stark of England Index	Morgan Catarady Changes X
corling S Dollar Sandian Dollar Instrium Schilling Instrument	749 949 784 141 1909 949 1847 1847 1847 1847 1847 1847 1847 1847	-18.9 -12.7 +20.4 -45.9 +20.2 +20.2 +20.2 +115.8 +12.9 -12.9 -12.9 -12.9 -12.9 -12.9
Morgan Conracty 982-100, Sant of 1 975-100)* Rates for	ingland balts.	erage 1980- (Base Arriage
THER CUR	RENCIE	S

jan 21	2	5
Argentin	9.8640-9.9595 2.5050-2.5000	5,5000-5,5500 1,3973-1,3985
Australia Brestli	142 10-142 90	79.2260-79.6220
Finland Greece	7.2490-7.2620	131.30-133.50
Hang Kong	13.9550-13.9720	7.7895-7.7905
Koren(Stil)	1406.80-1479.50 0.49100-0.49250	782 10-788 50 0.27400-0.27410
. وجودخججي	62.45-62.55 4.5550-4.5665	34,75-34,85 2,5435-2,5445
Malecico	3974.40-4011.40	2716.00-2796.00
St. Zeebard Sand Ar	2,7015-2,0165 6,7205-6,7265	3.7500-3.7510
S. A. (Ca)	3,5220-3,5380	20195-20215 19725-19780
S. AI (FI)	53490-5.5140 51.30-51.55	2,9850-3,0770
UAE	8.5010-6.5065	3,6725-3,6735

MONEY MARKETS

UK rates steady

VESTERDAY'S ANNOUNCE—MENT of UK bank lending and money sopply figures for December had little impact on the London money market. Three-month interbank was unchanged at 8½.53% p.c.

Bank lending rose £4.9bn, compared with £3.3bn in November, and against market estimates, which ranged widely from £2.75bn to £4.5bn.

The narrowly defined M0 money supply rose 0.9 p.c. in December, after 0.3 p.c. in November, but the year on year increase fell to 4.2 p.c., from 4.9 p.c., encouraging hopes that the discount rate remained at 15 m.c. and £10cm in band 1 at 8½ p.c. Balks maturing in official banks, repayment of late assistance and a take-up of Treasury bills drained £165m; with Exchequer transactions absorbing £225m, a rise in the note circulation £35m; and bank balances fell to 4.2 p.c., from 4.9 p.c., encouraging hopes that

UK clearing bank hase lending rate 8½ per cent from December 4

the figure will remain under the Bank of England's target celling of 6 p.c. this financial year.

Sterling M3 money supply climbed 1.4 p.c. in December, after staying flay in November, but the general view in the market was that this week's reconomic news has tended to reduce any pressure for an immediate rise in UK bank base lending rates.

The Renk of England initially of 3 p.c. to 6 p.c. growth in M3 money supply between the immediate rise in December, fourth quarter of 1987 and the immediate research to 1987 and the immediate research that the central bank money stock th

Dallanda	Al-a	•	
Dunai ia	cks motivat	1011	
THERE IS one thing worse than			
a currency market fed by spec-		is 1.9305 to 1.	740. December
ulation, that is a market drift		average 1.63	54. Exchange
ing in the charge of a		rate index 149.	9 against 146.3
ing in the absence of specula		six months ago	
tion. The lack of US economic		There were fe	w surprises as a
data before 4th quarter GNF		result of the Bu	ndeshanik's cen
figures on January 27 revived	against the D-Mark and	tral council me	eting in Fronk
thoughts of the headless	SET 3505 compared with	furt. Interest	rates remained
chicken.	SWel 2425 Agrainer the Property	unchanged and	the D.Mork was
Central banks were no doubt	ITABL it finished amchanged of	influenced more	then enuthing
delighted by the lack of direc-	PPr5-6075 On Reals of Ragiand	else by the seed	ment and mitted
tion in the dollar. Dealers and	figures, the dollar's exchange	else by the peri	ormance of the
analysis were quening up to	to bepredown new rebriefer	dollar. At the f	Ditt cent const
offer some sort of explanation	94.0	Was quoted at	Datioozi ITOM
why the US unit made good	Sterling showed little reaction	DM1.6634 on V	Acquiesora and
after a poorer start. The latter	to Ilk hank lending and money	there was no i	mervention by
was a hangover from selling in	supply figures. Its exchange		
the Far East, after comments	rate index remained constant at	JAPANESE	YEN-Trading
by Mr Clayton Yeutter, US	74.9 from the opening calcula-	range against	the dollar in
Trade Representative, in which	tion to the close command with	1987/88 is 159	45 to 121.35.
he claimed that a major drop in	74.8 on Wednesday	December av	erage 128.45.
the US trade deficit was	It imple through the \$1.00	Exchange rate	index 240.6
unlikely before the latter half		against 2)1.2 si	x months ago.
of this year.	level in early trading to touch a high of \$1.8025 before coming	Support from	the Bank of
The extent of the dollar's fall	back to finish at \$1.7965 com-	Japan allowed ti	he dollar to fin-
was swiftly countered by Bank	pared with \$1.7925. It was also	ish above its lov	rs in Tokyo but
of Japan support, but traders in	firmer against the D-Mark at	it was still weal	cer on the day.
London were less than sanguine	DM2 0875 from DM2 0775 but	Doubts about ho	M fould it Moored
to start with. However, the dol-	slipped against the yen to	take to turn a	round the US
ar was soon in demand. The	Y228.50 from Y229.0 Else	trade deficit left	the dollar ner-
only thing beyond dispute was		vous before the	pank of labou
that the US unit was bought.	from SFr2.4175 and FFr10.0750	restored some or	der,
Beyond that dealers started to	compared with FFr10.0525.	THE GORBA CIO	sed at Y126.80
struggle. There were sugges-	D-MARK-Trading range	from Y127.15 in	New York and
tions that the Bank of Japan	against the dollar in 1987/88	Y128.80 in Tok	yo on Wednes-
was taking advantage of a	-Same cue court. III 1201/00	day:	
relaxation in cootrols, which			
allowed purchases of longer	EMS EUROPEAN CURRENCY UNI	TDATES	• .
lated US Treasury stock. This	Ema COROTERIA LORRENCI UNI	I KAJES .	•
would both improve its yield on		I Statement	
reserves and at the same time	aromois	from % d	Dharasan
give the dollar a friendly boost		UNUE 2	ed for Beergeste
apanese officials dismissed the	Jan 23,	rate mon	
chance of ficials distillated the	DESCRIPTION 42/302 F 43/203	+1.771	AL 5344
	Daniel Krose	4103	26 1 5006
whole thing as speculation, but	Comment of the Comment of the Country of the Countr		
whatever the validity, the dol-	· Corners D-Mark	+0.38	38 21.0961
whatever the validity, the dol- ar ended the day on a firmer	Franc 2008 4,96787 2,00444 Franc 4,96787 2,00444 2,00408 6,96787 2,00408 2,004	1 +0.09 1 -0	38 21.0961 34 21.3474 67 21.5002
whatever the validity, the dol-	Cereson B-Mark 207903 20644 Frjeck Franc 450405 640307 251943 232142 2777403 2777403	1 +0.09 1 -0	67 27 5002
whatever the validity, the dol- ar ended the day on a firmer	Franc 2008 4,96787 2,00444 Franc 4,96787 2,00444 2,00408 6,96787 2,00408 2,004	1 +0.09 1 -0	36 21.0961 34 21.3674 67 21.5012 A1 21.6684 11 44.0752
		4103	34 31544

DALLAD COST. ENDWADS ACAINST THE DOLLAD

1-21	Day's	Chee	(he mus)	NA.	Three months	1 ×
Carriery Carriery Carriery	1,7900-1,8025 1,5945-1,6045 1,2600-1,2630 1,6580-1,8739 34,58-34,82 4,354-6,378 1,6535-1,6670 1,330-1,354 1,12,46-1,12,48	17940-17970 15970-15900 12015-12025 18680-18640 54.75-34.85 4.30-4.374 16430-16440 1354-136 11226-712-90	0.25-0.22;put 0.12-0.00;pun 0.16-0.15;pun 0.462-0.40; 3:62-pur 0.80-1.30;pun 90-1.30;pun 90-1.30;pun 55-75;pun 55-75;pun	SUNTERNITOR SUNTER	0.74-0.69pm 0.98-0.28pm 0.44-0.47pm 1.38-1.35pm 9-5pm 1.56-1.53pm 2.30-3006s 1.59-1.608s	159 149 292 675 -204 374 -741
	1225-1215 6-33-6-355 5-504-5-62 5-903-5-996 126-70-127-80	12224 12234 6.35-6.354 5.602-5.61 5.964-5.963 127.36-127.30 11:704-11.714 1-398-1-3510	2.80-3.80 kredis 3.60-3.95 aredis 0.45-0.60 cds 1.15-1.35 aredis 0.34-0.31 pt at 2.50-2.20 proper 0.66-0.51 pt at	4939953	9.50-12.50ds 11.25-11.65ds 1.65-1.95ds 3.35-3.65ds 0.99-0.94sm 8.00-7.00pm	\$27.75 \$7.75

POUND SPOT- FORWARD AGAINST THE POUND

J. 21	Day's	Close	Dec month	1 2	Throng Incomins	22
us	1.7900-1.8025 2.2970-2.3085	1.7960-1.7970 2.3005-2.3015	0.25-0.22mm 0.04ds-0.06com	1.57	0.74-0.69	.1.39
				0.05	0.37-0.04pm	0.18
Belgine	130-1304 6227-62.53	3351-3361 6245-6255	10-1cm 20-2cm	211	4-31-put 47-26-pu	233
Destruct,	11.427-11.50% -	TLAT-11/10-	4-loreds	-0.85	421-0.05em	-0.07
ireland W. Carmany	2971-2994	290,-290,	0,07-0,02ppm 1%-1pfpm	0.48 5.27	414-35-pm	0.50 527
Periosel	202.70-244.607 201.90-202.80	243.00-244.00	115-190cms	1.52	306-4456s 177-2256s	347
ttaty	21892-21974	21961 ₂₋ 21971 ₂	par-beretts	-2.64	5-14ds	-5.74
Horsey France	10.044-10.08	10.07-10.00	44 borods	0.52	154-164ds	-568
Swepton	10.723-10.76	10.743-10.751	4-13-persons	1.98	2 2 day	4.70
Assiste	20.93-21.03		171.67.tross	3.93	231, 201,	1.16
ا ي محاسمت المن	2.434	2A24-2434	1 1 De Decree 4	17,11	-1 C. 47-34 0	4.57

EURO-CURRENCY INTEREST RATES

Jan 21	Short	2 Days	One Mouth	Tires Montics	Sit \	One Year
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C. Krone Leter \$Sing Lang term Euro	1	44	91-9 7-64	7.7	777	がなった。

Au 22	2	\$	DM	Yes	FR.	S Fr.	MFL	Line	C\$	B Fr.
	0.556	1.797	2775 1775	228.5 127.2	30.08 5.609	2.428 1.351	3,358 1,865	2197 1223	2.301 1.200	62.50 34.70
DIA YEN	0335 4376	0.601 7.664	1308	76.47 1000	3277 4111	0.803 10.63	琺	7353 9635	0.770 10.07	20.92 273.5
F Pr.	0.772	1.763	2.964 1.251	224.7 94.11	10	2.409	3.331 1.363	22.80 904.9	2.263 0.948	62.00 25.74
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arget chirin	g last year.	
Tip A months	dam the Dutch (an.
Hearly or	of the discount :	-67-6

Innernate rate in the lending rates.

The Bank of England initially forecast a money market shortage of \$450m, but revised this to \$550m at noon. Total help of \$450m was provided.

Before hunch the authorities bought \$61m bank hills in band

URRENCY FUTURES 1-mth 3-mth 6-mth 12-mth 1.7942 1.7894 1.7813 1.7695 MAI-STERLING Separ E Latest Night Law Pres. 17675 17950 17866 17925 1800 17970 17980 1798 1774 17792 17752 1776 17738 17758 17758 17748 FFE-STEILING (25,860 \$ par £ Close High Low 1,7090 1,7955 1,7955 1,7812 1,792 1,792

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gian Fc. per 300,		Previous day's upon (et. 298 (209)				
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NEW YORK (Limcktime)	Que ments	Treasury Bill	is and Bonds	7.69		

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Treasury Bills (sell); w cent; three mastes 8; w cent; three mastes 8; w cent; three mastes 6; w cent; three construction 123, 1908, Sch diff to December 31, 1 hers street days' front, swept days notice 3.00 kel under one street 7.5; bel under one street 7.5;	ng per case; 11 ance, Maise up ewe 1: 10.05 987, Scheme Finance Hause 0-3.50 per cast: on 10 per cast: on	namery come; , o day Decassion p.e., Schemes IV: 8.830 p.e. is Baye Name 9 it. Certificates in-three month	r 31 , 1967, A if & lot 10,09 Lotal Action .00 from James of Tax Dupos & 8.25 per con	r rate of fitten greed rates to p.c. Reference ty and Florance any 1, 1988: it it (Series A); It three-six m	ner 8.3414 ju r period Jonas e zale for pari e Houses stva Bank Deposit 1 Deposit 2100 webs 8.75 per	ry 26 1988 to od Documber; days' notice, bates for same, 000 and days' cent; six-nine

FINANCIAL FUTURES

Relaxed view of money figures

Close 1868 Low Pres. 118-27 119-17 118-23 118-17 118-24

15.00 95.14 15.00 Proc.

Close High Loss Proj. 108-2 108-02 107-86 108-30 107-52

Close Nigh Low Prov. 176.10 176.60 172.00 175.80 179.60 179.50

90-12

Estimated Volume 385 (260) Previous day's open lat. 679 66400

Estimated Volume 1932 (1135) Previous day's open 7856 (7694)

LIFFE 215 8P11005 225,000 (cods per 21)

Reaction on Liffe was not particularly encouraging to the UK bank lending figures for December, but analysts in the City tended to take a more relaxed view of the figures, and did not see too much to worry about, apart from some doubts about Monday's official figures for retail sales in December.

Mr Nick Parsons, at Union Discount, said it is hard to reconcile lending in the month with the seasonal adjustment, giving a lower retail sales figure. He points out that personal consumption increased £662m, including credit card debt of £384m, and that this suggests an error in the seasonal adjustment on retail sales, which

overheating in the ecocomy, bot there appeared to be grounds to accept other explanations for the figures.

There were various distortions, including take over activative payment of appropriation.

Strike Calis-outliements him Peb 1460 - 25,90 Apr 1 hm Peb 1460 - 25,00 - 25,00 - 14,55 - 14,50 Apr 15,50
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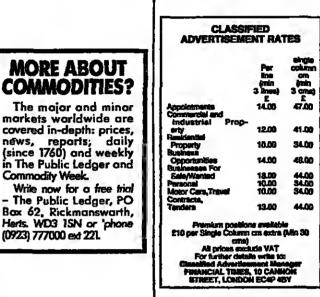
tions, including take over activity, payment of corporation tax, and favonrable interest rate levels in London, leading to a switch from foreign currency borrowing into sterling.

At the same time Mr Owen noted that Mo is now likely to remain within target range this financial year and there is less pressure for higher base rates.

March long-term gilt futures opened higher at 119-04, but fell to 118-27 at the close, compared with 118-17 on Wednesday.

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Mar. 1408/1420 +26 Mar. 1754/1766 +29 Mar. 1850/1866 -26 Prices taken at 5pm and change is from previous close at 9pm



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THE UK SECURITIES markets put up a resilient performance yesterday in the face of several yesterday in the face of several potentially discomforting developments. Government bonds, brushing off a lower US dollar, moved ahead despite UK money aupply and bank lending figures for December which at first seemed worse than expected. Equities, which also had to contend with unsettling news from the Traded Options market as well as a buffeting for BAT Industries, recovered most of a mid-session loss of nearly 20 FT-SE points.

The stock market was marked announced.

Buyers returned to the gllt edged market despite the gllt edged market despite the storings of the pound and the uncertainty over the bank lending figures. The market opened strongly, with demand sufficient to take out both the transchet stocks announced earlier this week.

What was left of the £150m 9½ per cent Conversion '05 was quickly bought out et 1004, while the proportionaly greater amount left of the £300m Treasury 8 per cent '92 was taken

The stock market was marked down heavily before the formal opening, as traders backed away from Wall Street's 57 point fall overnight. But, we encountered nothing but buyers, commented one trader. The sector closed in good shape, enlivened by strong expectations of a bid for Burshape, enlivened by strong expectations of a bid for Bur-man Oil. Prices soon rallied from the early weakness but were checked as the City

were checked as the City long end of the range, where supply data.

Both Gilts and equities turned sharply down on the announcement that, while M3 money supply was only slightly above expectstions, bank lending had aoared to \$24.9bn in December, the very top end of market estimates.

In ong end of the range, where the treasury 13 per cent '00 were that amount higher at 122½. Traders reported some retail interest but most of the support came from professional marketmakers.

The short dates were also firmer, with the Treasury 8% per cent '90 up by ½ at 91% as fears of an imminent rise in

There was an equally rapid recovery when market analysts claimed that the bank lending flgure had been distorted by "round tripping" — when investors awitch between competing loop intributions. The markets loan institutions. The markets continued to hold to this thesis despite its rejection by the Bank of England.

The upset in equities was fuelled by the admission by a rumours that US oil group major marketmaker of a substantial loss in the Traded 600p a share bid for the group Options market, which raised worries that the eventual loss might be even greater than dis-

and was particularly unfortu-nate for BAT Industries which ran into criticisms at a meeting of City analysts called after Farmers Group of the US had spurned Bat's \$4bn bld.

with the City gurus last night, where more questions will be

of unrealised capital gains on non-life funds, e point which the analysts believe the board avolded last November, when third quarter results were announced.

opened strongly.

By the end of the session,

gains ranged to around % at the long end of the range, where the Treasury 13 per cent '00 were that amount higher at

The short dates were also firmer, with the Treasury 8% per cent '90 up by 2 at 91% as fears of an imminent rise in base rates receded.
Once again, Index-linked

issues were dragged higher by the conventionals market. At mid-session, gains ranged to a full point but prices topped off cent '13 stock. Burmah became the latest oil share to rocket to boosted the shares 25 to 468p; turnover in Burmah was 1.4m shares. Burmah'a name was shares. Burmah'a name was also mentioned in stories also mentioned in stories involving Calor Gronp, current recovery in equities before the end of the session, with increasing trading volume indicating renewed optimism. The FT-SE 100 lndex closed 5.6 down at 1747.2, effectively relastating the FT-SE 1750 support level.

The easier trend in the dollar hurt the international stocks and was particularly unfortu-

broken off when agreement could not be reached. Calor shares spurted 23 to 553p with whispers in the market that a counter to the SHV/Carless proposals could well be in the offing; turnover in Calor was in the region of 1m shares. But Britoil shares sagged

Gilt-edged advance despite rise in bank lending as equities rally from weak start

FINANCIAL TIMES STOCK INDICES											
	Jan.	Jan. Jan.		Jan. Jan.		Year	1987/88		Since Compitation		
	22	20	19	10	15	Ago	High	Low	High	Low	
Government Secs	88.59	88.35	68.19	88.45	87.96	85.74	99.32 18/5/87)	83.73 (19/10/87)	127.A (901/35)	49.18	
Fixed Interest	94.73	94.51	94.44	94.42	94.55	91.70	99.12	90.25	105.4	50.53	
Ordinary 9	1404.0	1409.2	1423.0	1640.1	1436.7	1404.1	1926.2 1232.0 1926.2 1232.0 1167/87) (9/11/87)		1926.2 (16/7/87)	(3/1/75) 49,4 (26/6/40)	
Gold Mines	279.9	281.3	254.1	283.4	294.5	323.8	497.5 261.6 14/8/87) (6/11/87		734,7 (15/2/83)	43.5 (26/10/71)	
Ord, Div.Yield	4.45	4.43	439	4.33	4.33	4.07	S.E AC				
Earnings Yld. %(fell)	11.16	23.12	10.99	10.85	10.83	9.54	1MSces		Jan. 20	Jac.19	
P/E Ratio (net)(*)	10.98	21.03	21.15	11.30	11.32	12.84	Gitt Edged Bargales		106.6	124.5	
SEAQ Bargains (Spot)	25,150	23,393	23,749	29,870	27,832	36,066	Equity Bargains Equity Value		164.9	2172.0	
Equity Turnover (2m)		863.65	1074.60	991.43	1092.37	3109.27	5-Day average		7	1 1	
Equity Bargales	-	25,455	25.504	31,655	26,753	43,569	Gill Edged Bargeles Equity Bargeles		128.8	130.5	
Shares Traded (mt)	-	421.3	352.1	436.3	431.8	566.3	Equity Value		2026.4	2024.2	
♥ Opening 10 a 1399.1 140		11 a.m. 1402.3	., 1	p.m. 398.4	1 p.n 1402		2 p.m. 1406.0	3 p.m.		p.m. 02.5	
Basis 108 Gost.	Secs 15/10				Day's 7/35, Gold			May 1974, *	NH=10.87.		
LONDON	REPOR	T AND	LATE	ST SH	ARE II	NDEX.	TEL. 0	L-0898 :	123001		

response to the independent valuation of Britoil's assets. But there were rumours in the market that Atlantic Richfield is about to launch a 520p a share counter to BP's 450p e share cash bid.

Turnover in BP partly—paid ahot up to 26m shares with the Kuwait Investment Office said to have picked up in excess of 10m shares after a report in the FT that the KIO stake in BP may be investigated by Sir Gorbefore the close when e gain of 10m shares after a report in the showed against the 1L 2½ per FT that the KIO stake in BP may be investigated by Sir Gordon Borrie, the director-general

of fair trading; the new shares settled 2 off at 72p. News of the independent asset valuation of Tricentrolcurrently the subject of a 145p stantially.

a share bld from French group Wellcome rallied to close a a share bld from French group Elf – boosted Tricentrol to 167p before a late downturn left the shares a net 3% up 166p. Stake-building rumours in

Ultramar continued to circulate in the market and Ultramar

late in the market and Ultramar shares, sold off to 212p early on, rallied strongly to close a net 8 higher at 226p on a turnover of 2.7m shares.

BAT ladustries ran into US selling which contributed to the fall in the shares, down 16 at 419p after 5.8m shares bad changed hands. BZW, the securities house, has clipped the forecast of last year's profits from £1,435m to £1,380m, and stresses that its prediction for 1988 is not affected. Other analysts, however, could disagree lysts, however, could disagree with this view and may down-

response to the independent unwelcome 300p a share cash

estimates from \$145m to \$150m for 1987 and £170m for 1988. However, the market believes BCI, which added 12 to 437p on turnover of 1m shares, will have to raise its offer sub-

few pence better at 887p despite mixed views from UK analysts on the outlook for the company following the chairman's warning of adverse cur-rency movements and impend-

almost 4m shares again largely made up of trades carried out

"down-under" buying interest. Barclays eased 3 to 490p although there remained persistent speculation that the bank ie about to launch a bld for America's Irving Bank. Stan-dard Chartered, np 13 at 538p, continued to attract buvers clearance and talk of the imminent sale of US subsidiary

Merchant banks were unset-tled in mid-session by rumours of big losses incurred in the traded options market but later falls on the day.

Union Bank Corp for np to

chairman of Petrocon, had increased its stake in the combinally 3 off at 404p despite appy to 28.75 per cent while strong market talk of buying by Australian Interests, while broking firm Willis Faber spurted 8 to 243p amid rumours that a sizeable share holding is being accumulated via the inter-dealer broking screens; turnover in Willis topped 3m shares. Expansion hopes boosted Dewey Warren 9 to 90p.

ICI remained under selling pressure and fell eway further

chairman of Petrocon, had increased its stake in the combinatory of 28.75 per cent while support of 20 to the good at 269p.

The buoyancy of white sugar prices, futures hit a four-year high earlier this week in New York, generated support of Tate & Lyle, firmer at 783p, and good buying of 8 & Wersisford, which gained 7 more to \$28p. However, the most actively traded food issue was ASDA-MFI, unchanged at 168p following a turnover of 8.8m

in e volume of some 3.1m shares to close % lower at £10% as currency influences contin-ued to undermine sentiment. In contrast, buying interest per-sisted in Coates Bros. which improved 10 further to 363p in a limited market.

Dixons attracted another eubstantial turnover— around 5,6m shares changed hands—and the share price advanced from an initially depressed 188p to close e net 6 higher at 196p, rumours early in the session of a bid from Woolworths were shrugged off by dealers. Marks and Spencer, where turnover totalled 3.8m shares, hardened to 186p. Burton Group progressed 3 to 235p and Harris Queensway 5 to 134p. Ward White edged up 3 to 312p after a presentation at a leading broker. Wigfalls spurted 20 to 176p in the wake of the recommended share Dixons attracted another spurted 20 to 176p in the wake of the recommended share exchange bid from Bennett and Fountain; the latter slipped 4 to 38p. The interim loss left Sumrie 8 lower at 67p, but preliminary pre-tax profits up from £360,000 to £1.72m boosted Colorvision 12 to

Cable & Wireless remained under a cloud and lost 11 more to 344p. STC dipped 6 to 229p and Ferranti 3 to 86p. In the second-liners Electronic Machine lost 5 to 80p despite the return to profits over the full year.

full year.

Among the Engineers, Hill and Smith responded to the good results and the encouraging statement on the outlook with a rise of 11 at 1709p.
Richards (Leicester) moved up
20 to 283p in belated response
to news that Mr Peter Hodgson, chairman of Petrocon, had

occasional buying interest leaving Land Securities 5 to the good at 458p and MEPC e similar amount better at 441p. British Land encountered a good demand and put on 5 to 272p. Mountielgh, in contrast, drifted back 5 to 164p despite announcing half-year figures at the top end of market estimates.

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shares. Watson & Philip rose 8 to 210p but Unigste weakened that much to 283p.

The major international stocks ended the session with small losses after a day of finctueting fortunes. Final quotations were usually above the worst but the closing tone was uncertain as Wall Street continued to alide in the early dealings yesterday. Reflecting the trend, Beecham settled 2 cheaper at 451p, after touching 445p at one stage. Pilkington, down 3 further at 230p in a volume of some 3.3m shares, continued to drift lower as BTR bid hopes faded further.

Engilsh Cklas Ckrys reacted 13 to 394p in the wake of a County NatWest sell recommendation. Geatetner, which results of market leader M & G.

tious reading of the statement accompanying the annual results of market leader M & G. The group nuveiled profits sharply higher at £23.3m some £3m above the top market estimate - but alsowarned that "if stock markets continue at or County Nat West sell recommendation. Geatetner, which announced annual pre-tax profits of £22.79m compared with forecasts ranging from £19m to £24m, advanced to 189p before falling back to close e few pence batter on the day at 188p. Further consideration of the interim figures left Kenyon Securities 5 firmer at 290p. Blue Arrow, up 2 at 100p, also traded firmly following news that it is acquiring Slade Group, one of Australia's foremost recruitment agencies for an initial consideration of £2.1m. Rank Organisation drifted around present levels the com-pany was unlikely to make the same profits in the current year

M & G. in which Australian M& G, in which Austranan entrepreneur Alan Bond recently bought a stake, eased only marginally to close 4 off at 275p but the losses were more severe among other groups. Berkeley Govett dropped 20 to 175p, GT Management lost 9 to 143p and Henderson Administration fell 40 to 655n. stration fell 40 to 665p.

Rank Organisation drifted

back another 5 to 602p await-ing the preliminary figures, expected shortly. Williams Holdings, in contrast, rose 8 to 266p following completion of the acquisition of Berger Jen-son and Nicholson.

Investors continued to shy away from Lucas Industries and with marketmakets reluc-tant still to increase their book

levels the shares reacted 14 more to 579p. Abbey Panels, in contrast, were raised 20 to 425p in a narrow market, while

Lookers further responded to

the recent impressive annual results, gaining 8 to 283p.

motion company, attracted buy-lng inquiries on analysts'

recommendations inspired by the strong bounce in mid-term profits. The Wood Mackenzie team rate the shares a "buy" on the basis that "quality manage-

ment continues to invest resources in the development of

the business". At the close, the shares were 3 higher at 156p. Hopes that the improved second-half performance would continue lifted Crown TV Products 2 to 150 million regions.

Clarke Hooper, the sales pro-

Smith New Court, the inde-pendent securities house, weak-ened before and after the announcement concerning a loss of \$1.25m incurred in traded options dealings. The shares closed 20 down at 168p.

Turnover in traded options contracted with 16,787 calls and 8,515 puts giving an aggregate of 25,302 contracts. Business in the FT-SE comprised 2,069 calls and 1,802 puts. Rolls-Royce attracted the day's biggest turnover with calls totalling 1,928 and puts 379 totalling 1,928 and puts 379 contracts. There were 1,205 calls and 575 puts in Bats, and 874 calls and 702 puts in GEC.

Traditional Options

• First dealings Jan 18 • Last dealings Jan 29 • Last declarations Apr 21 • For Settlement May 8

For rate indications see end of London Share Service continue lifted Crown IV Float
ucts 2 to 53p while revived speculative demand swept, Interest in the Traditional
USM-listed Michael Peters up option market fell away to an
extremely low level. Goo. Wim-A little more activity devel-oped in the Property sector. were dealt in for the call. No Interest, however, centred put options were reported but a mainly on the leaders with double was arranged in Dixons.

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times.

EQUITY GROUPS			Thursd	lay Jan	Jan 20	Jan 19	Jaq 18	Year ago Cappron			
FI	& SUB-SECTIONS gures la parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1988 to date	lodex No.	Index No.	Index No.	Index No.
ī	CAPITAL 60005 (208)	732.18	-0.8	9.82	3.96	12.77	0.15	737.94		749.53	749.7
2	Building Materials (30)	964.36	-0.7	10.15	3.89	12.25	0.43	973.58		991.68	
3	Contracting, Construction (33)	1436.38		9.38	3.49	14.16	0.38				
4	Electricals (12)	2030.65		9.18	4.76	14.10	0.00	2838.95			
5	Electronics (32)	1498.53	-1.3	10.65	3.47	12.25	0.80				
6	Mechanical Engineering (57)	379.82	-0.5	9.53	4.39	12.83	0.14	381.76			
8	Metals and Metal Forming (7)	443.92		9.70	3.78	12.44 10.51	0.00				395.3 293.3
2	Motors (13)	271.62 1238.45	-1.1	11.07 8.41	4.28 4.19	14.11	0.99	274.77	277.73 1261.31	284.28 1273.68	
0	CONSUMER GROUP (185)	1829.43		8.61	3.54	14.79	0.28				
2	Brewers and Distillers (21)	973.79	-01	11.38	4.04	11.15	0.20	976.39			
5	Food Manufacturing (23)	943.55		9.13	3.82	14.05	1.66				774
6	Food Retailing (16)	2064.91	74.0	7.80	2.97	17.03	0.00				
7	Health and Household Products (10)		-0.2	6.72	2.57	17.76	8.00		1788.87		
9	Leisure (31)	1171.69	-0.4	7.82	4.02	15.94	0.60				
ίl	Packaging & Paper (16)	494.44		8.65	3.72	15.21	0.24				551.1
2 I	Publishing & Printing (16)	3396.04		6.55	4.35	19.29	3.39		3426.23		3113.9
4	Stores (351	845.22	+0.4	8.92	3.59	15.04	0.03	841.76	834.85	839.35	861.7
5 I	Textiles (17)	581.06	-0.3	11.29	4.03	10.22	0.00	582.84		606.35	688L9
ōΙ	OTHER GROUPS (92)	853.43	-1.1	10.76	4.32	11.56	0.03				
ī١	Agencies (19)	1991.57	-0.7	6.66	2.19	19.26	6.07	1099.28	1109.78		
21	Chemicals (20)	1048.70	-8.8	9.74	4.47	12.61	0.24				
3 f	Condomerates (23)	1138.77	-0.8	18.43	4.58	11.00	0.00				1144.
5	Shipping and Transport (11)	1866.90		9.25	4.54	14.16	8.80		1819.64		
7	Telephone Networks (2)	905.85	-1.3	11.89	4.67	11.20	0.00		925.40		875.5
8	Miscellaneous (27)	1123.07	-2.0	13,44	4.22	8.87	0.00				
9	INOUSTRIAL GROUP (485)	914.44	-0.5	9.51	3.86	13.24	0.17	918.64	925.49	936.20	916.4
ı	On & Gas (15)	1722.14	+0.5	9.65	5.71	12.78	0.00	1714.01	1715.22	1743.19	2594.3
91	500 SHARE INDEX (500)	902,99	-0.3	9.53	414	13.17	0.76	986.05	993.34	109460	973.5
il	FINANCIAL CROUP (124)	452.46	-0.2	_	4.81		8.11	453.72		440.64	649.3
žΙ	Banks (8)	669.33	-8.4	19.78	5.87	6.68	0.00	672.24			724.1
51	Insurance (Life) (8)	967.73	-0.4	-	4.76	-	0.00	973.86	977.60	985.91	907.2
61	Insurance (Composite) (7)	503.58	-0.1	-	5.47	-	0.00	564.28	507.18		484.5
7	Insurance (Brokers) (8)	941.22	+1.1	11.77	6.11	10.87	0.00	930.67	926.14	938.28	1210.1
8	Merchant Banks (11)	348.31	-0.9		4.09		0.00	351_48	353.15	353.19	338.5
9	Property (52)	790.20	+0.6	5.32	3.06	24.02	0.18	984.48	986.34	998.49	827.1
미	Other Financial (30)	308,57	-1.1	9.42	4.28	13.40	9.64	392.93	393.65	398.68	403.7
1	Investment Trusts (86)	230.49			3.06		0.32	830.58	831.13	843.40	910.0
2	Mining Finance (2)	432.22	-1.0	10.52	3.95	10.71	0.00	436.44	447.84	455.41	· 372.8
2	Overseas Traders (8)	1017.07	-1.0	9.43	4.98	12.52	0.00	1027.28	1023.65		827.9
9	ALL-SHARE INDEX (720)	894.15	-0.3	-	4.21	-	0.15	896.87	902.50	912.60	886.9
Т		ladex	Day's	Day's	Day's	Jan	Jen	Jac	Jan	مطر	Year
ᆚ		No.	Change	High	Low	20	19	18	15	14	390
	FT-SE 100 SHARE INDEX 4	1747.2	-56	1754.5	1733.1	1752.8	1768.0	1778.8	1786.7	1743.4	1,777,

	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	The Jen 21	Wed Jan 20	Year ago (approx.)
	PRICE INDICES	Thu Jan 21	Day's change %	Wed Jan 20	xd adğ. today	xd adj. 1988 to date	1 2	Low 5 years Coopers 15 years 25 years	8.95 9.43 9.28	8.97 9.47 9.31	9.31 9.78 9.78
2 3 4	Sritich Government 5 years 5-15 years Over 15 years)rredeemables All stocks	122.39 138.31 147.59 162.58 135.55	+0.12 +0.30 +0.29 +0.81 +0.25	122.24 138.04 147.16 161.27 135.28	- 0.15 - - 0.97	0.00 00.0	9	Hedium 5 years 15 years 25 years 16 years 16 years 16 years 16 years 16 years 16 years 17 years 18 years 1	9.52 9.63 9.48 9.48 9.78 9.50 9.28	9.57 9.66 9.50 9.67 9.82 9.53 9.34	10.28 10.07 9.90 10.33 10.22 9.92
6 7 8	lades-Linked	124.39 113.54 114.26	+0.11 +0.78 +0.72	124.26 112.66 113.45		9.00 9.36 9.33	13 14 15	Inflation rate 5% Quer 5 yrs. Inflation rate 10% 5 yrs. Inflation rate 10% 0wer 5 yrs. Dubt & 5 years 15 years	4.02 1.48	2.49 4.07 1.51 3.89 10.94 10.91	3.27 3.72 1.64 3.56 10.85 10.85
10	Preference	86-32	-0.25	86.54	-	0.17		Preference	19.53	20.50	

NEW HIGHS AND LOWS FOR 1987/88

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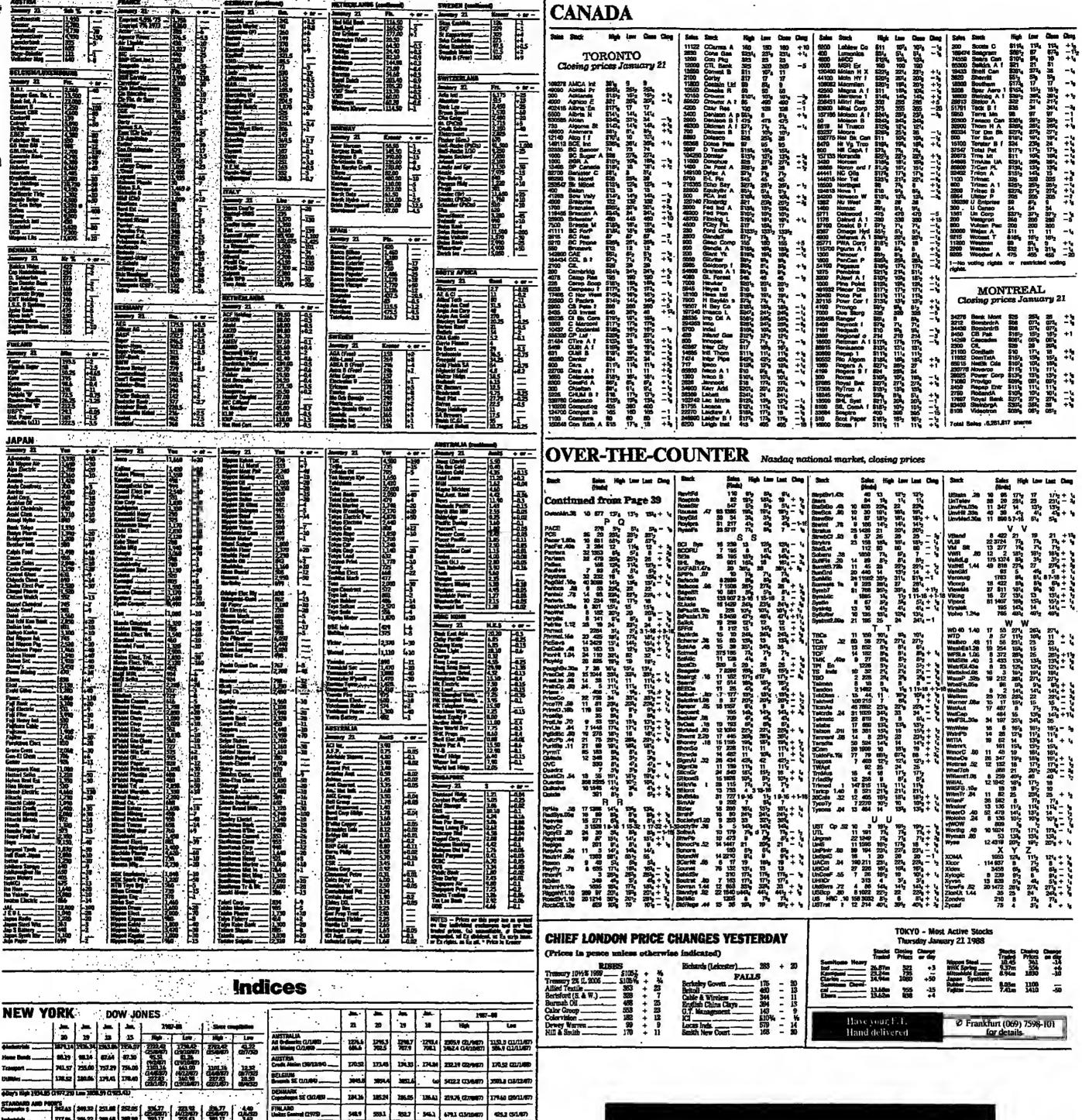
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Prism Leisure Corp., Zetters Leisure.
PAPERS (1) Ferry Pickering, PROPERTY (1)
Clayform Prop. Warrants, TRUSTS (7) Child
Health, Const. Assets Warrants, Greenfrier
trv., Mid Wynd Inv., Tat., Second Marinat Inv.,
Bericeley (Govett & Co., Clayton Roberd,
Assets (6) Durban Deep, Anglo Amer., Aste
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where more questions will be asked about the group's unconventional accounting practice, with 4.2m shares traded – after on bringing forward a portion a rather disparaging Press where more questions will be asked about the group's unconventional accounting practice, with 4.2m shares traded – after on bringing forward a portion a rather disparaging Press where more questions will be asked about the group's unconventional accounting practice, with 4.2m shares traded – after on bringing forward a portion a rather disparaging Press where more questions will be asked about the group's unconventional accounting practice, with 4.2m shares traded – after on bringing forward a portion a rather disparaging Press where more questions will be asked about the group's unconventional accounting practice, with 4.2m shares traded – after on bringing forward a portion a rather disparaging Press with this view and may downward and the inter-dealer broking systems – market stories continue to highlight rumours of pake foots, more against Blue Circle's (BCI) TRADING VOLUME IN MAJOR STOCKS **LONDON TRADED OPTIONS** The following is based on trading volume for Alpha secu CALLS Apr. Jul. Oct. Apr. Jul. Oct. Feb. May Aug, Feb, May Aug, Affect Lyers 330 38 47 55 18 30 25 (*342) 360 23 32 42 36 47 55 (*342) 990 12 23 - 55 65 -LASH0 280 48 63 77 13 32 42 (*315) 300 35 50 65 23 40 55 330 23 35 55 37 52 70 32 55 12 29 45 15 35 57 43 55 RISES AND FALLS YESTERDAY 23 43 43 25 35 23 17 15 27

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WORLD STOCK MARKETS

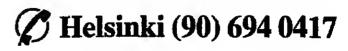


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Dow fluctuates but fails to recover lost ground

Wall Street

EQUITIES fluctuated yesterday but by the close the market was little changed and had failed to recover any of the ground lost in Wednesday's 57 point slump, writes Janet Bush in New York. The Dow Jones Industrial Average peaked with a gain of 13 points in early trading, then declined to lose about 20 points. It later recovered to nearer Wednesdey's closing lev-

The Dow closed 0.17 points higher at 1,879.31. Volume was unremarkable at about 158m

yesterday was the Treasury bond market. By midsession, long-dated maturities had risen more than a full percentage point but the market later drifted below its highs. The Treasury's 30 year 8.875 per cent benchmark issue closed about 1% point higher to yield

Bonds have generally profited from the weak state of the equity market this week, which has seen some switching of funds from stocks to bonds. Prices were also bolstered by

the dollar's rebound from its overnight weakness in the Far East and rumours that the US phoning banks in New York to enquire about their dollar rates. This tactic is sometimes used moved temporarily to a full instead of actual open market point discount to the cash marintervention as a warning shot ket.

SOUTH AFRICA

SPORADIC late bargain hunting helped lift Johannesburg gold shares off early lows after a weak start on the higher finan-

The listless bullion price also depressed the mood, with heavyweight golds Vaal Reefs losing R4 to R308 after hitting a session's low of R302. Driefonteln slipped R1.25 to R35.57.

short-term US government of the proceeds of its foreign exchange market intervention in support of the dollar. The report was neither confirmed or denied, but seemed well which informed Bonds also moved higher after the release of figures showing claims for state unem-

ployment insurance had risen

been the most active session for days, as heavy programme trading and genuine institutional liquidation of portfolios combined to give a healthy level of activity.

Much the more active market yesterday was the Treasury bond market. But needed for recession or not.

Many agree with Mr Albert Wonilower, a managing director of First Boston, who said that "a country with a strong it economy, weak currency and huge trade deficit is bound to undergo rising interest rates and tight credit. Light credit sooner or later." However, others saw the jobless claims figures as evidence to support the view that the economy is already slowing down into a recession.

The dollar had touched lows of Y126.55 and DM1.6505 in Tokyo after remarks by Mr Clayton Yeutter, US trade representative, in Hong Kong. He said that although the US trade deficit had turned the corner, he did not expect to see a significant improvement until the second half of this year and into 1989.

Equities had started higher yesterday, posting a gain of around 13 points before sliding Federal Reserve had been tele- into negative territory. There was some programme selling as Standard & Poors 500 futures

Bonds were given a boost by a detailed Japanese news agency report in Tokyo that the first week of January, Wednesday's 57 point fall

against the easier trend with a R3.50 gain to R251.50.

Other mining shares followed the downturn in golds. Mining financials also softened, with Anglo American losing a further R1 to R48 and Gold Fields of South Africa shedding 75 cents to R54 cents to R54.

Leading diamond stock De Beers closed 50 cents cheaper at R29. Industrial leader Bar-Harmony was down R1.25 at low Rand gave up 75 cents to R30.26, but Randfootein moved close at R21.

Bank of Japan will no longer when the market rallied limit itself to investing in short-term US government dollar equities have been drifting lower but there had been received late support from a cut in interest rates and Swed. Wednesday, however, saw ge uine and active institutional

selling.
Individual company results,
which on the face of it have
looked impressive, have been
taken badly by the market and
have had an exaggerated
impact on other atocks, providing evidence of an extremely

ployment insurance had riaen by 33,000 in the week ended January 9. There is still a division of opinion in the bond market about whether the US is headed for recession or not.

Many agree with Mr Albert Wojnilower, a managing director of First Boston, who said that "a country with a strong loss. BankAmerica, which has been cutting loss drastically for been cutting jobs drastically for two years, is expected to lay off another 5,000 this year.

Stop & Shop, the supermarkets and general stores chain, jumped \$3% to \$29% after an offer late on Wednesday from Dart Group of \$30 a share. Dart said it was seeking a friendly merger and Stop & Shop said it was reviewing the proposal.

Among blue chips, international Business Machines recovered \$% to \$111 after ateep losses earlier this week. Eastman Kodak was \$% higher at \$49. General Electric fell \$% to \$148.

\$148.

Canada

DECLINES BY major share groups, led by golds, dragged the market broadly lower. Toronto stocks recovered some ground but posted a loss at the

Among energy issues, Shell Canada lost C\$4 to C\$38, Impe-Resources dropped C\$% to

EUROPE

Institutional buying lends support EUROPEAN institutional inves-London

tors were in evidence yester-day, moving to buy and thereby restrict fall-out after Wednesday's ateep decline on Wall Street. Domestic factors also came into play and pared losses on some bourses. Dutch shares ish stocks were heartened by corporate results.
FRANKFURT rebounded

from a weak opening on Wall Street's overnight losses and the easier dollar to close steady. Late bargain hunting

Car stocks rallied slightly after several weak sessions. Daimler managed to claw back from a low of DM525.50 to end a net DM2 higher at DM540. BMW added DM8 to DM486 and Porsche preference shares held at DM415.

A late hurst of optimism rescued London equities from an otherwise poor sesaion overhang by disap pointing money-supply and bank-lending figures and jitters over Wall Street's

the easier dollar steady. Late bargain hunting from investment funds and retail players supported prices and the FAZ closing index held above 400 at 401.31, off 4.42. The Commerzbank index showed a mildsession loss of showed a mildsession loss of the commercial state of lower profits.

overutght fail. The FT-SE 100 ludex fell 5.6 to 1,747.2.

ZURICH ended little changed as the market drifted in time with the dollar. Wednesday's decline on Wall Street weighed depressed activity. The Crédit Sulsse index slipped 0.8 to

AMSTERDAM received late support from a % percentage point cut in leading interest rates, including the discount rate, the fifth reduction since

408.9.

Blue chips edged higher but banks closed narrowly lower while industrials turned mixed.

Hoffmann-La Roche "Baby" and 8Fr25 to SFr9,250 after

the company raised its offer for Sterling Drug to \$81 from \$76.

PARIS was lifted off early lows in busy trade on the last day of the accounting month. Late buying by atate-owned institutions halved losses to around 1.5 per cent. The CAC opening index dropped to its lowest level since late 1985, losing 8.3 to 255.2.

Retailers and electronics

Retallers and electronics issues recovered oo late bargain-hunting but building atocks slumped on the weaker dollar.

BRUSSELS dipped as hold-

aged by the announcement of Volvo's preliminary profits and expectations that there may be a breakthrough in a strike by white-collar workers which is

crippling the private sector.

The all-share index tumbled 7.75 to 258.50. DnC loat

7.75 to 258.50. Dr.C loar NKr6.5, or 5 per cent, to close at NKr104. The news pulled other sectors, notably oils and industrials, broadly lower. MILAN pulled itself off mid-morning lows after a late buy-ing spree lifted blue chips, but Blue chlps ended off their lows, with Peugeot down FFr15 at FFr835 after touching a low of FFr817.

many second liners remained on or near their poor starting lev-els. The MIB index fell 12.4 to 982, a low for 1988. Iniziativa Meta, Montedison's ings succumbed to profit-taking or near their poor starting levaley. Société Générale de Belgique, staving off a public offer by Carlo De Benedetti, saw its Réserve share untraded for the fourth day. fourth day.

Chemicals were little changed and banks turned mixed.

STOCKHOLM was encourted. Montedison shed L34 to L1,270 but recovered in after

bourse trading.

MADRID weakened with all sectors posting broad declines at the end of a lacklustre day. The general index lost 2.87 to 242.95.

Portugal to limit price fluctuation

SHARES on Portugal's stock exchanges are to be limited to price fluctuations of no more than 15 per cent a day from February 15, Renter reports from Lisbon.

Lisbon's national stock market executive commit-tee announced the new price calling without giving an explanation. A previous 5 per cent limit was lifted in November last year.

Prices on the Oporto and Lisbon markets have swung widely since November. The Lisbon index, which hit a peak of 6,812.7 in early October fell to 2,866.5 in

Price changes are often exaggerated by the lack of liquidity in the market, with prices swinging in response to even one big buy or sell order, according to ana-

Portugal is also moving to computerise share dealings to hasten share dealing.

- ASIA Nikkei falls again as despondency sets in

Tokyo

THE LATE slump on Wall Street and the yen's advance against the dollar further disagainst the dollar further dis-couraged Investors in Tokyo yesterday and the Nikkei stock average suffered its third suc-cessive decline, writes Shigeo Nishiwaki of Jiji Press. Trading in major issues fell

aharply, but speculators showed interest in selected small-capitalisation atocks in the hope of reaping Immediate

The composite Index, which had fallen about 31 points in earlier trading, dropped 15.54 to 3106.93 as dectines outpaced advances by 488 to 302 on light turnover of 22m shares.

Golds were mostly lower, Lac Minerals dropped C\$\%\ to C\$12\%\, Placer Dome lost C\$\%\ to C\$12\%\, Echo Bay fell C\$\%\ to C\$12\%\. Echo Bay fell C\$\%\ to C\$168\%\. Among energy issues, Shell Individual and institutional investors were sidelined, while

rial Oil class A declined C\$\(^4\) to speculators bought smaller cap C\$\(^5\)5\(^4\) and Gulf Canada ital issues priced below Y1,000. speculators bought smaller cap-Sumitomo Heavy Industries, the most active stock with 26.87m shares traded, fluctuated between Y512 and Y539, finishing Y3 higher at Y521. Speculative interest continued

Speculative interest continued to mount as the company continued with the development of a protoype motor vehicle.

Mitsubishi Estate advanced Y50 at one stage, but buying tapered off and the stock ended Y10 lower at Y1,830.

Sumicoro Chamical a market Sumitomo Chemical, a market leader since the company announced efforts to develop a drug against Acquired Immune

Deficiency Syndrome (AIDS), lost Y15 to Y955. High technology atocks fell over a broad front as buying tapered off in tandem with the ascent of the yen. Hitachi lost Y30 to Y1,230, while NEC and Matsushita Electric Industrial dropped Y70 each to Y2,000 and Y2,220, respectively. Sony declined Y100 at Y4,740. Hitachi was the most active among high-tech issues, but turnover

in the stock amounted to only Among large-capital stocks, OSE stock average shed 103.36 Nippon Steel declined Y14 to Y361, Ishikawajima-Harima low volume.

Heavy Industries lost Y18 to Y650 and Kawasaki Steel shed Y8 to Y323. However, Tokyo Electric Power and Tokyo Gas both benefited from the yen'a appreciation and climbed Y50 to Y4,870 and Y12 to Y808,

respectively.

Bond prices opened higher after the yen's early advance. Expectations of a further reduction in ahort-term interest rates also helped push up prices. But later, as it became evident that there would be no

evident that there would be no cut in bill discount rates, disap-pointed dealers, wary of the fast price increase, sold to bring down prices. The yield on the benchmark 5.0 per cent Government bond due in December 1997 sank to a low of 4.170 per cent from Wednesday's 4.266 per cent.
Later in the day it recovered to 4.250 per cent.
The renewed strength of the yen prompted widenesday all

yen prompted widespread sell-ing in high-tech stocks on the Osaka Securities Exchange. The

One Pharmaceutical shot up Y200 to Y6,250 and Toyo Lineleum scored a maximum allowable daily gain of Y108 to Y1,020. But Rohm lost Y170 to Y4,210.

Australia

DECLINES in metal prices and the sharp fall oo Wall Street pulled leading shares and mining issues broadly lower in limited turnover. The All Ordi-naries index lost 18.8 to 1,276,

tts low for the day.
Industrial issues finished narrowly lower with heavyweight stocks hardest hit.
BHP, Australia's largest listed atock, fell 20 cents to A\$6.80. It announced a major restructuring after the market

Bell Resources was unchanged A\$1.40. Its stake in BHP was cut to 10 per cent from 29 per cent in the reshuf-

BHP will be transferred to a company owned jointly by BHP and Elders.

Diversified miner Peko Wai-

lsend shed 10 cents to A\$7.40 on rumours of a stake-building exercise by Industrial Equity.

Hong Kong

SUBSTANTIAL declines in substantial declines in property Issues kept ahare prices on or near their day's lows by the close. Foreign investors initiated a broad sell-off which lifted turnover, but it was largely a sellers' market. The Hang Seng index lost 71.97 to 2,412.32.

Singapore

TRACKING declines in New York, Tokyo and Hong Kong, share prices in Singapore slipped lower, despite scattered bargain-hunting. Blue chips, however, came under profit-taking pressure after recent fie. Brewing, agribusiness, however, came under profit-property and finance concern taking pressure after recent Elders IXL fell 2 centa to gains. The Straits Times indus-A\$3.18 oo heavy turnover. trial index slid 14.46 to 909.60

The weight of bad debts is depressing New Zealand shares, writes Dai Hayward

Wellington brokers feel squeeze

FOLLOWING the default of no knowledge of the credit-worfour New Zealand atockbrokers thiness of those placing the since Christmas, the Wellington order. Stock Exchange is moving to tighten its rules. Brokers too are tightening credit controls and conditions for buying and selling. However, these moves may be too late for some brokers, who have been left holding debts of thousands dollars as clients refuse to pay for shares slashed in value since October.

The problema fscing New Zealand brokers are linked in various degrees to last Octo-ber's crash. However, they are more directly caused by theina-blity of brokers to cope with the huge rise in share turnover during the preceding market boom and to weaknesses in stock exchange control systems and regulations.

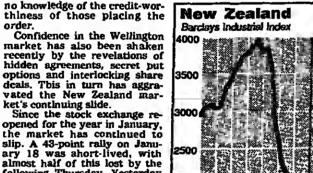
and regulations.

During last year's hectic trading, brokers struggled to cope with the huge number of daily transactions. Share certificates often took up to three months to be issued. Some shares were bought and resold two or three times history that original huges. times before the original buyer received the certificate and many brokers put through large orders on credit with little or

Confidence in the Wellington market has also been ahaken recently by the revelations of hidden agreements, secret put options and interlocking share deals. This in turn has aggravated the New Zealand market's continuing slide.

opened for the year in January, the market has continued to slip. A 43-point rally on January 18 was ahort-lived, with almost half of this lost by the following Thursday. Yesterday following Thursday. Yesterday
the Barclay index atood at
1,962 – about 50 per cent down
on its high point last Septemer.
To restore confidence in the
market, therefore, the stock
exchange is working to tighten
several rules. Traders will be

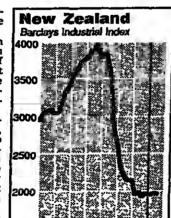
put options.



1500 Jun required, for instance, to give more information on settlement dates, deferred payments and However, these moves may be too late to help some deeply indebted brokers. It is reported

that one large broker has privately listed up to 20 atock-broking firms it regards as being at risk either to a moder-lems, several amaller firms,

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries



ate or serious degree.

Moreover, there is no doubt that some smaller firms, especially in provincial cities, are doing too little business, or earning insufficient brokerage fees to meet running costs. Many have cut staff and closed branches.

In addition to the wider problems, several amaller firms.

93.88

100.72 | 139.73 | 100.00 | 111.00

Working through several brokers in early October these brokers bought on credit several million Omnicorp shares at around NZ\$1.50 each. They intended to recommend the share strongly in the rip sheet

share strongly in the tip sheet and then take profits from the expected price rise. The buy recommendation was made in the week of the stock market crash, however, and the value of Omnicorp ahares fell by half before the plotters could unload their shares and pay the broker.

Several brokers were left with huge debts as a result. One of those involved in this scheme

including two which have defaulted, were caught up in the financial manoeuvres of staff and associates of a share-

market tip sheet.

of those involved in this scheme has hurriedly left for Australia, leaving debts of more than NZ\$1m. The fraud squad, however, decided no criminal offence had actually been committed.

mitted. Responsibility for recovering these and other outstanding debts resulting from the mar-ket's rise and aharp fall lies with the brokers themselves. This advertisement appears as a matter of record only. Listing particulars prepared in accordance with the listing rules made under section 142 of the Financial Services Act 1986 have been registered with the Registrar of Companies in Cardiff.

First Debenture Finance PLC

Issue of £80,000,000 11.125 per cent. Severally Guaranteed Debenture Stock 2018 at 99.057 per cent.

First Debenture Finance PLC was formed as a special purpose borrowing vehicle for

The Brunner Investment Trust PLC Kleinwort Charter Investment Trust PLC Kleinwort Smaller Companies Investment Trust plc The Merchants Trust PLC

managed by

Kleinwort Grieveson Investment Management Limited

Kleinwort Benson Limited

- acted as financial adviser to First Debenture Finance PLC
- arranged the investment of £18.8 million of the proceeds of the issue with Leeds Permanent Building Society
 - arranged a matching interest rate swap for Leeds Permanent Building Society

and in conjunction with

Kleinwort Grieveson Securities Limited

Kleinwort Grieveson Charlesworth Limited

completed the placing of the Stock.

FT - ACTUARIES WORLD INDICES

REGIONAL MARKETS	ĺ	THURS	IAUNAL YAD	Y 21 1988		WEDNE	SDAY JANUA	RY 20 1988	BOLLAR INDEX		
Figures in parentheses show number o) stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93) Austria (16) Belglum (48) Canada (127) Denmark (38) Finland (23) France (124) West Germany (94) Hong Kong (46) Ireland (14) Italy (94) Japan (457) Malaysia (36) Mexico 1141 Netherland (37) New Zesland (24) Singapore 126) South Alrica (56) Syeden (34)	100.25 90.27 104.28 1109.83 112.78 110.86 69.16 91.70 110.20 72.74 141.28 120.26 110.55 75.86 103.25 105.75 129.14 134.89	-0.9 -0.9 -0.3 -0.5 -0.9 -1.4 -2.9 -0.9 -1.4 -0.1 -0.3 +3.1 -0.5 -1.8 -2.7 -1.2 +0.8 +0.6 +1.2	82.73 74.50 84.18 90.64 93.07 91.49 62.79 57.66 75.67 90.95 60.03 116.59 99.25 91.24 78.88 62.60 85.21 87.27 106.57	93.21 78.06 89.87 101.96 98.02 94.18 97.20 66.92 97.20 66.91 97.20 66.91 97.20 66.91 97.20 66.91 97.20 66.91 97.20 89.51 89.51 89.59	4.85 2.68 5.28 3.05 1.81 4.64 2.89 0.61 1.52 5.41 2.46 4.99 3.56	101.16 91.12 104.76 110.40 113.78 112.33 70.13 70.13 94.42 111.23 73.80 141.38 120.61 107.23 106.10 107.25 106.10 107.02 128.05 135.72 99.89	83.67 75.37 86.45 91.32 94.11 92.91 63.96 58.00 78.10 92.00 61.04 116.93 99.76 88.69 87.76 88.52 105.91 112.25 82.62	94.43 78.69 90.04 102.49 98.61 95.38 68.02 60.54 94.40 98.02 67.30 114.16 118.45 259.98 81.83 61.76 91.30 99.92 86.81 115.92 88.81	180.81 102.87 134.89 141.78 124.83 121.82 104.93 158.68 160.22 112.11 161.28 193.64 422.59 131.41 138.99 185.01 174.28 198.09 168.81 136.64	85.36 85.53 94.63 98.18 76.08 68.80 73.50 72.04 100.00 93.76 90.07 87.70 73.39 95.51 100.00 100.00 88.50	103.40 99.53 103.72 109.36 122.82 110.81 98.72 100.38 112.06 103.13 112.81 112.83 113.06 105.36 91.13 106.61 106.62 113.04 117.20 94.32
Switzerland (53) United Kingdom 13311 USA (588)	77.41 129.76 99.39	-0.8 -0.1 +0.2	63.89 107.09 82.02 82.29	64.82 107.09 99.39 84.73	2.56 4.36 3.73	78,03 129,87 99,19	64.54 107.41 82.04	65.24 107.41 99.19	111.11 162.87 137.42	73.65 99.65 91.21	103.19 110.02 112.96
Europe (973) Pacific Basin 1682) Pacific Basin 1682) North America (715) Europe Ex. UK (642) Pacific Ex. Japan 1225) World Ex. US (1887) World Ex. UK (2114) World Ex. So. Af. (2384) World Ex. Japan 11988)	137.77 122.58 99.95 81.12 95.53 122.21 111.77 113.26 100.00	-0.2 -0.3 +0.2 -1.1 -1.6 -0.3 -0.1 -0.1	113.70 101.16 82.48 66.95 78.84 100.86 92.24 93.47 82.53	111.79 100.97 99.55 70.62 89.97 100.96 99.68 100.46 93.92	0.85 1.88 3.69 3.66 5.00 1.95 2.34 2.53 3.66	137.99 122.94 99.78 81.99 97.10 122.56 111.91 113.41 100.16	114.13 101.69 82.53 67.82 80.32 101.37 92.56 93.80 82.84	112.48 101.59 99.39 71.30 91.64 101.58 100.03 100.80 94.12	158.77 143.65 137.55 111.97 164.03 143.38 138.82 139.47 134.22	100.00 100.00 91.68 78.89 82.92 100.00 100.00 92.98	111.96 109.71 112.77 98.68 101.50 109.73 111.10 110.99 116.14

-0.1 93.56 100.38 2.55 113.51 The World Index 124451 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Local).
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